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Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-144
Thursday
25 July 1996

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Daily Report
Latin America

FBIS-LAT-96-144 25 July 1996

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Cuba

Cuba: Ministry Notes Council Members Oppose U.S. Proposal

PA2407204296 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jul 96

[Report by Zenaida Costales; from the "National Radio News" newscast]

[FBIS Translated Text] Miguel Alfonso, a Cuban Foreign Ministry spokesman, has told the press that the U.S. proposal submitted during informal UN Security Council consultations on the 24 February incidents is reticent.

The Foreign Ministry spokesman said that the fact that the United States presented two or three different versions demonstrates the opposition of UN Security Council members to Washington's unilateral proposal. Miguel Alfonso said:

[Begin Alfonso recording] I have information that U.S. allies on the Security Council are critical of the proposal. Cuba has clearly explained its criteria for this round of talks. We have clearly stated that the Council cannot disregard the work of the technical body, which as you know is the International Civil Aviation Organization [ICAO]. The ICAO did not endorse or accept as its own the investigation commission's report, nor did it accept or reject the conclusions reached in the ICAO report. It just took note of them. These are elements that make for a very clear position. The UN Security Council cannot disregard the technical body's work. [end recording]

Nonaligned countries have presented an alternate proposal to counterbalance the unilateral U.S. proposal.

Cuba: Envoy Rejects UN Draft Resolution on Human Rights

PA2407195096 Havana PRENSA LATINA in Spanish 1732 GMT 24 Jul 96

[FBIS Translated Text] United Nations, 24 Jul (PL) — Cuba said today it will maintain its process of independence and national dignity, and it voiced its rejection to a draft resolution on human rights in the island that the UN Economic and Social Council (Ecosoc) approved.

The document is part a report drafted during the 52nd session of the Human Rights Commission, which has traditionally maintained a position on this matter criticized by the island and has presented to the Ecosoc a similar recommendation on Cuba every year.

On this occasion, the number of votes favorable to the text dropped significantly. Abstentions among the delegations increased because they did not want anything to do with the negative references to the Caribbean country.

The Cuban representative pointed out the country does not recognize the legitimacy of the decision that was adopted, because "it is the continuation of a fraudulent practice and an inseparable part of the hostile policy of successive U.S. administrations."

If there is something we regret, he added, is the fact that part of the scarce resources of this organization are used to continue this futile practice and to maintain a farce that lacks any foundation.

Cuba rejected the imposition of a selective, discriminatory, and unfair treatment with regard to human rights through the political-diplomatic activities of a country that just promulgated the Helms-Burton law, which he described as criminal, immoral, and illegal.

The PRC, India, Ghana, Indonesia, South Africa, Sudan, Tanzania, and Zimbabwe rejected the draft while Costa Rica and Argentina, among others, joined the countries that abstained this year.

Cuba: Spokesman Views U.S. Proposals at UN, Hijacker

PA2507044596 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Jul 96

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] During his weekly meeting with the national and international press, Cuban Foreign Ministry Spokesman Miguel Alfonso commented first on the informal consultations and lobbying taking place at the UN Security Council regarding the 24 February events. On that date, the Cuban Air Force downed two U.S. airplanes belonging to the counterrevolutionary group Brothers to the Rescue that were violating the island's airspace:

[Begin Alfonso recording] We have been able to learn unofficially that the United States has been circulating two proposals among the other council members. The fact that there already has been two proposals and that it has been announced that there might be another makes those of us who have had some experience with international organizations believe that this shows a degree of reticence toward the proposals that have been circulated; therefore, it seems the prevailing opinion is that the content of the first two U.S. proposals were somewhat unilateral; nonetheless, the Security Council is continuing with this process.

Cuba has clearly explained its point of view in this phase of the work the council is carrying out; therefore, we

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will have to wait and see what develops. Let us wait and see whether this matter concludes by the end of this week or whether it extends.

There is a certain degree of evident reticence toward the unilateral content of the proposals the United States has presented, and the Nonaligned Movement [NAM] has presented an alternate proposal; in this regard, you all are aware that Comrade Alarcon, president of the Cuban National Assembly, has met with NAM members, and this group has decided to circulate a proposal with a view to balancing the unilateral characteristic of the U.S. proposal. I repeat: Reticence does not originate only from Cuba or the NAM. I have some information stating that criticism also has been heard from several U.S. allies within the Security Council itself; therefore, let us wait and see what develops. I would not like to give an opinion on what decision that UN body could adopt. [end recording]

After stressing the significance of the imminent visit to Cuba of the president of the Russian Duma, Alfonso said this Wednesday that Cuban officials and their Belizean counterparts have signed two cooperation agreements on economic issues and the struggle against drug trafficking.

The Cuban Foreign Ministry spokesman also said the president of the Cuban Chamber of Commerce will be part of the delegation that will travel to Chile with Roberto Robaina and representatives from the tourism, technology, pharmaceutical, and construction sectors, among others. The Cuban delegation will participate in the Cuban-Chilean Joint Commission for Economic Cooperation.

Asked about the steps Cuba has taken regarding the hijacker of a Cuban civilian aircraft to the Guantanamo Naval Base, Alfonso said:

[Begin Alfonso recording] The Cuban Government already has taken steps to accurately inform the U.S. Government of our position on the future of this case; likewise, the Foreign Ministry believes that diplomatic channels, not public ones, are the most appropriate means to resolve this issue; therefore, everything is being handled through diplomatic channels. [end recording]

Cuba: U.S. Emigres' Return Said To Show Accord Commitment

PA2407185496 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] In compliance with the terms of the Cuban-U.S. migration agreements of 2 May 1995, U.S. military authorities on Guantanamo Naval Base on 23 July returned to their Cuban counterparts two Cuban citizens who tried to leave Cuba illegally via that installation. Those procedures are being conducted on a systematic basis and signal the two governments' commitment to enforce the migration accords.

Cuba: Newspaper Notes Cubans' Return From Guantanamo Base

PA2407151596 Havana PRENSA LATINA in Spanish 1242 GMT 24 Jul 96

[FBIS Translated Text] Havana, 24 Jul (PL) — U.S. military authorities have returned two Cuban citizens who entered Guantanamo Naval Base with the purpose of illegally abandoning Cuba, it was reported today in this capital.

This procedure, which is being carried out systematically, is in keeping with the migration agreements signed on 2 May 1995 between the Governments of Cuba and the United States.

An official note, reproduced by the daily GRANMA, states that this incident shows the willingness of both administrations to continue to apply the immigration agreements.

Cuba: Havana City Court Hands Down Death Penalty

PA2407193196 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Chamber of Crimes against State Security at the Provincial Court of Havana City has handed down a death penalty for citizen Norberto Mejias Cabrera. We have more details with Yusmali Hernandez.

[Hernandez] Norberto Mejias Cabrera, aka El Mejicano, age 46, was tried for committing between 30 January and 28 March 1996 four rapes, an attempt to rape, a pederasty attempt with violence, a theft with violence, two prison escapes, in addition to being caught in the illegal possession of knives. To this we should add a rape case and a case of theft with violence on 30 December 1988. Some 27 witnesses testified in court. Witnesses included legal doctors, crime laboratory specialists, and the victims, who proved that the accused carried out these acts of crime by intimidating people with a knife. The law stipulates that in all cases in which the death penalty is imposed, the accused may automatically appeal before the Supreme People's Court. If the court ratifies the death penalty, the Council of State of the Republic of Cuba will learn of the case and will make

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the final decision on the punishment that will be imposed. If the death penalty were to be changed for a 30-year prison sentence, it must be imposed immediately.

Cuba: Nicaraguan Delegation Visits To Strengthen Ties

PA2507032896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] A Nicaraguan parliamentary delegation, invited by the National Assembly of the People's Government, is visiting Cuba until next Saturday.

Adolfo Jarquin, first vice president of Nicaragua's parliament, has said the delegation is visiting Cuba to strengthen working relations and to express solidarity with the Cuban people and government:

[Begin Jarquin recording] We cannot accept the Helms-Burton law, because it goes against human rights. We believe this law should not be implemented, and we join the international community in support of Cuba. [end recording]

The Nicaraguan parliamentary delegation today met Jorge Bolanos, Cuban first deputy foreign minister, and visited a people's council. They also will tour scientific centers and meet leaders of the national [word indistinct] the Justice Ministry, and the Finances and Prices Ministry.

Cuba: Fidel Castro Meets Namibian Foreign Minister 17 Jul

PA2407155996 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Commander in Chief Fidel Castro met Namibian Foreign Minister Theo-Ben Gurirab on 17 July, during his official visit to Cuba. Castro and Gurirab discussed at length the fraternal relations of friendship and cooperation that unite the peoples of Namibia and Cuba and the situation on the African continent, particularly in southern Africa. Gurirab delivered a personal message and warm greeting from President Sam Nujoma and expressed Namibia's rejection of the Helms-Burton law.

Cuba: Economy Minister Says Overall Growth 'Extraordinary'

PA2507032696 Havana PRENSA LATINA in Spanish 2005 GMT 23 Jul 96

[FBIS Translated Text] Havana, 23 Jul (PL) — Economy and Planning Minister Jose Luis Rodriguez today termed the overall growth Cuba announced during the first semester (9.6) as "extraordinary" and predicted the annual estimated growth for 1996 will be surpassed.

"We are pretty certain we can expect a 5 percent growth, even higher than that" by the end of the year, the official said in a meeting with labor leaders during the second meeting of the National Council of the Cuban Workers Federation (CTC).

He said this economic accomplishment has been made despite the "constant harassment from the United States via the Helms-Burton law" and the ensuing increase in the cost of foreign loans due to Washington's policy of international isolationism against Havana.

Consequently, he said, this semester also is "among the most complicated ones" historically, from the financial point of view.

Cuba's fundamental, economic problem is the "complex situation" of foreign loans and their high, short-term interests, Rodriguez said in his speech to 240 members of the CTC Council and numerous international guests.

According to him, two other negative factors affecting the national economy are: the lack of money (invested capital) and the increase in the price of many imported products (foodstuffs and fuel, primarily).

As a result of these imbalances, together with the drop in the value of experts, Cuba spent, according to Rodriguez, $91 million more on imports this semester than during the same period in 1995.

The minister referred to a "significant' increase, however, (always in the same period) in tourism related revenues, 36 percent; sugar production, 33 percent; industrial production, 12 percent; agricultural production, 14 percent; and construction, 30 percent.

He positively assessed the 8 percent increase in working productivity, a "favorable growth," he noted, considering the meager 3 percent increase in the average, national salary.

All these indicators, Rodriguez concluded, "reveal a very strong foundation" in the process of national, economic recovery and the "consolidation of internal factors," typical of the current dynamics that have overcome all difficulties.

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Cuba: Director Views Benefits of Nuclear Power Plant

PA2507025496 Havana Radio Rebelde Network in Spanish 1700 GMT 16 Jul 96

[Report by Marta Angulo; from the "National Radio News" newscast]

[FBIS Translated Text] The third executive meeting on nuclear power began in Havana yesterday. The directors of nuclear power plants from Argentina, Brazil, Mexico, and Cuba attended this meeting. Marta Angulo reports.

[Angulo] The directors today visited the Juragua Nuclear Power Plant located in Cienfuegos Province. Isaac Alayon is the director of the plant. We learn from him of the benefits a country can enjoy by having a nuclear power plant:

[Begin recording] [Alayon] A country with nuclear power plants can count on having significant benefits, because the generation of electricity is diversifying throughout the world; it no longer depends solely on oil, which, as you know, is a limited resource. We know that worldwide demand can deplete this fuel. A nuclear power plant provides us with an alternative source of energy and frees us from depending exclusively on oil.

[Angulo] Are there any other related, positive benefits?

[Alayon] Yes, there are other positive factors. The country's overall development benefits, because the systems and technology in general have to conform to minimum standards of the nuclear power industry. This type of industry employs major advancements and provides other alternatives as well, such as employment opportunities for the people. Without a doubt, it is an overall and technological improvement for the country. [end recording]

Cuba: Maritime Employment Official on Agency's Problems

PA2407154096 Havana Radio Rebelde Network in Spanish 1155 GMT 19 Jul 96

[Report by Richard Lopez; from the "Doing Radio" program]

[FBIS Translated Text] Cuban sailors hold on to many dreams on their voyages. Therefore, given the distance and isolation, there is a heightened expectation of what awaits back home. Agemarca, the Caribbean maritime employment agency, is partly responsible for the well-being of our sailors. However, their efforts do not help as much as they should, certain mechanisms have failed, and the agency is not experienced enough to perform effectively. (Lise Reyes Oliva), deputy financial director of Agemarca, adds:

[Begin (Reyes) recording] We are currently engaged in a process of redrafting our contracts with shipping firms. We have realized that we are not profitable as a result of our previous contract system because our expenses were greater than our agency's revenues. [end recording]

The future is looking brighter following the discussion on how to increase profits conducted at the economic efficiency assembly held at this entity.

[Begin (Reyes) recording] I believe that if we are seriously committed to all these projections on billing and revenues, Agemarca will be truly on the right track. [end recording]

Profits are the reason for being of any economic enterprise. Agemarca is getting closer to do so, while far away, our sailors still navigate in turbulent waters, seeking to balance rest and recreation, and the call to sail away.

Cuba: 'Straight Talk' Views Pros, Cons of Internet

PA2407201296 Havana Radio Rebelde Network in Spanish 1730 GMT 18 Jul 96

["Straight Talk" program with GRANMA journalist (Alexis Slackter) and program host Osvaldo Rodriguez]

[FBIS Translated Excerpt] [Passage omitted] [Rodriguez] I would like to ask you, initially, how can Cuba, a poor country with an insufficient material base, enter such gigantic information network as Internet, and really benefit from it?

[(Slackter)] Precisely because computer technology and, in general, this type of scientific and technological advancement is based on brains, on human intelligence rather than on resources.

[Rodriguez] But resources such as computers, installation of networks are needed.

[(Slackter)] Of course. You need better communication networks. To that effect, our state has designed a plan for technical improvement. But I am going to try to demonstrate to you that Cuba has enough human resources to enter that world of computer technology with good chances. And I am going to give you information...

[Rodriguez, interrupting] In addition to the human resources, we need the machines. I want to ask you, do we have the network of machines, the internal installations created to enter today Internet and begin to take advantage from it, although minimally?

[(Slackter)] We have the possibility but we must improve. I can tell you the Cuban State has already designed a long-term plan totalling 1 billion pesos to im-

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prove all communication networks in our country. And we are advancing on this path. [passage omitted]

[Rodriguez] What are the possibilities of Cuba by joining the Internet computer network? This is the program we have today with (Alexis Slackter) from GRANMA newspaper. Well, Alexis, answer the question.

[(Slackter)] I believe that the possibility Cuba may join Internet has a fundamental objective: To have access to information, to the largest possible amount of information.

[Rodriguez] Is this information free of charge?

[(Slackter)] A part of it is and a part of it is not. Obviously, the Internet is paid by minute of transmission or connection. It goes through communication lines that must be paid, but this is a minimal fee for personal or state use. Therefore, it is an interesting possibility from the economic standpoint.

But the most important thing is that the information to which we would have access is the largest information that ever existed. [passage omitted]

[Rodriguez] What possibilities are there for Cuba by joining the Internet computer network? This is the topic we are discussing here today with journalist (Alexis Slackter) from GRANMA newspaper.

Alexis, we are on the home stretch of "Straight Talk." I believe that Internet is something Cubans are hearing of more often. They are even becoming interested with it, with the information superhighway.

[(Slackter)] That is good.

[Rodriguez] It is good that we all become interested with it.

[(Slackter)] We must have knowledge about cybernetics culture.

[Rodriguez] On this home stretch, I ask you to briefly summarize what can we, Cubans, contribute to the Internet?

[(Slackter)] We can modestly contribute our know-how and we can contribute our scientific information, which is of interest all over the world. In other words, there is a real interest to have access to Cuban information, which is also a way for others to become interested in acquiring products we may have, be them scientific or technical. This is a modest contribution but we can show the world interesting things, just like the world can show us things in which we are interested.

We can say we, the world and us, will complement each other.

[Rodriguez] Of course, yes.

[(Slackter)] Above all, we are going to incorporate ourselves more into the world and are going to make ourselves known. I believe that Internet may be the business card for many of the things we do in Cuba, which are not known because of the blockade.

[Rodriguez] Exactly.

[(Slackter)] Speaking in terms of communication, the massive communication media are controlled by the powerful.

[Rodriguez] Exactly.

[(Slackter)] Internet will allow us to circumvent that blockade. Bolivia can access Internet just like the United States can.

Anyone connected to the Internet can have access to the network, regardless of the country and its condition, provided it has the minimum technical requirements. Anyone can have access to Internet and become aware of everything that is done all over the world.

[Rodriguez] And this will not be... [pauses] It is surprising to see large monopolies of communication [words indistinct] support Internet network, far from seeing them as competitors. It makes me wonder, what may be behind this?

[(Slackter)] Many things of which we must be careful may be behind this. For instance, the U.S. or the powerful may have the ability to know the weaknesses about certain countries. We will be on that list which will reflect what we need, where do we get our supplies, what are we ordering. In sum, a great deal of information can be obtained from the Internet. This is a real danger. However, we must give way to Internet in spite of the danger because it also has several advantages. The key lies in avoiding the dangers and obtaining what is good from it.

[Rodriguez] Well, the danger cannot be avoided. What we must do is confront power and protect...

[(Slackter), interrupting] Protect ourselves from it.

[Rodriguez] GRANMA recently published Resolution 279 establishing the governing provisions of computer networks. It calls to my attention — I want you to explain this to me in the minute of program we have left — the policy expressed by the Cuban Government to have access while at the same time providing protection from these dangers.

[(Slackter)] You have stated it correctly. This commission was precisely created to avoid that danger, which may be entailed by entering Internet and providing information we must not disclose.

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[Rodriguez] Of course. The dangers entailed by ordering the use of Internet. We thank (Alexis Slackter) from GRANMA newspaper for discussing this topic with us. I hope there will be another time.

Cuba: Program Views Code of Ethics for Cadre Members

PA2507020896 Havana Radio Rebelde Network in Spanish 1730 GMT 19 Jul 96

["Straight Talk" program with reporter Renato Recio of the newspaper TRABAJADORES and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] The code of ethics for cadre members in the Cuban state is the topic Renato Recio of the newspaper TRABAJADORES brings us today.

I have read in the newspaper GRANMA: Be sincere; never conceal or distort the truth; fight against lies, deceit, demagoguery, and fraud; cultivate the virtues of integrity, honor, and dignity; promote and observe discipline, respect, and loyalty to the party, the Constitution, and other laws. These are some of the paragraphs appearing in the code of ethics of the cadre members of the Cuban state published by the newspaper GRANMA in its edition of 18 July, the day after the code was approved by the principal cadre members of the Cuban state during a ceremony.

[Recio] First, I would like to tell you that I believe it is very important for us and the media to reflect on and mention this topic, the code of the ethics, this channel, which the revolution has found to strengthen its position, because it is of great importance. It is possible that people will forget about it one of these days, and no one will speak about it for a long time. It is possible that people may underestimate the importance of a code of ethics, because there is no doubt that there are many people who underestimate the importance of a document that identifies a series of behaviors and conducts the cadre members should observe. There are many people who say, well, it has been written down on paper and what happens next?

[Rodriguez] We journalists also have our code of ethics. Doctors have their code of ethics. Why not cadre members? That is the way I see it. Does a code of ethics have any legal strength?

[Recio] It does not have any legal strength. They are not norms that are mandatory. They are not accompanied by sanctions if they are not observed, because they are not a set of laws. I believe it would be good for our listeners to have a better idea of what a code of ethics is, because the word ethics is quite a complex word, as it even has philosophical connotations.

Ethics could be the equivalent of morals. We also could talk about a code of morals. To be more specific, we could speak of a code of conduct, because this ethics, this moral should lead to a certain moral conduct, of course.

[Rodriguez] He who violates some of the aspects contained in the code of ethics of the cadre members of the Cuban state, however, will not be punished by law but could be penalized according to the norms of the code of ethics they are establishing today.

[Recio] The violation of the code of ethics is related to the violation of an enterprise's administrative discipline, for example, and a violator would receive an administrative sanction. A violator of an enterprise's administrative discipline could be the object of sanctions from the point of view of the individual's superiors. If the code of ethics violation is related to an act of crime, corruption, embezzlement, and nepotism, that also would deserve a legal sanction. I will talk about an anecdote that is quite representative and speaks to us about two things that I believe are very important for this program.

Some time ago, I believe in the year 1964, Commander Ernesto Che Guevara, the unforgettable Commander Guevara, met with the most important enterprises of the Industry Ministry of which he was in charge. You remember that he was a minister.

[Rodriguez] Yes.

[Recio] He was meeting with the most outstanding enterprises, and while honoring those enterprises that had obtained good results, he also announced that one of the principal leaders of that enterprise was going to be disciplined.

[Rodriguez] This anecdote is interesting, because an enterprise that is being honored generally should not be disciplined. Why was the cadre member going to be disciplined?

[Recio] The enterprise had achieved all its economic indicators, all its productive indicators, costs, and everything the plan required, but the leader had made certain acts of indiscipline to obtain better results. As everyone knows in Cuba, Guevara was a person who was quite inflexible with his ethics. He practiced it and demanded it from others. He gave discipline an enormous importance. He said this act of indiscipline, which was more of a moral nature because he had not caused any economic damage, was intolerable. I believe we must remember here that when Che Guevara disciplined people, when the industry minister under the management

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of Che Guevara disciplined people, the cadre members generally accepted the punishment, because they were aware that these acts of discipline came from a very grand, moral source; that is, Che Guevara.

No one else in the Industry Ministry was ever disciplined again, and they went to Guanacabibe, places of hard work, and never did we see that the cadres asked to resign once they had completed their punishment. They all felt they had been justly punished, and they returned to work at the Industry Ministry as they had always done.

[Rodriguez] I believe that is an ethical conduct that is an example for the cadre members. I remember that Che Guevara always spoke about the cadre members. There was an article of his that states that the cadres are the spinal cord of the revolution, and he gave them a great deal of importance. I believe that in the last few days, we have forgotten about stressing the role of the cadre members perhaps because of criticism, perhaps because of certain ethics violations. Perhaps some cadre members have been too modest. I believe those people capable of giving all they can to a mission, people capable of sacrificing even their families for the sake of their work are people who deserve recognition and praise.

[Recio] Correct, but I thought you were going to talk about another thing. I wanted to say that whoever reads this code of ethics that was signed during a solemn ceremony by the country's principal leaders will realize the influence of Che Guevara's thought. Che Guevara wrote a huge number of articles and speeches referring to the problem of the cadres, the revolutionary cadres. The first thing we must establish here is that when we speak of cadres in a revolution such as this, we are speaking of revolutionary cadres. Che Guevara stressed something that was contained in this code of ethics; that is, the revolutionary cadres, the economic cadres, the state cadres, meaning a nonparty cadre, are always political cadres. In a society such as ours, all people responsible for making decisions have to assume a political responsibility. I believe the code makes a note of this when it states that political ideas should prevail in all economic and state actions; that is why I believe that for those people who believe a code of ethics is not very important, I would say that a code of ethics is important everywhere, but it is much more important in Cuba because it effectively reaffirms the dictum that an economic action is preceded by a political thought.

[Rodriguez] Do you believe corruption is one of the reasons for having approved this code at this time?

[Recio] Corruption is evidently a great threat lurking over Cuban society.

[Rodriguez] Corruption denigrates both those who incur in it as well as those who tolerate it; this is contained in the code of ethics of the cadre members of the Cuban state, a topic which has been brought to "Straight Talk" today by Renato Recio of the newspaper TRABAJADORES.

I would like to read a few other paragraphs that have been published here, because they explain the various aspects of a cadre member's conduct. It states, comply strictly with commitments and pledges. Another one states, be honest and consistently practice both criticism and self-criticism; completely and responsibly carry out the duties assigned to you; observe in your labor and social activities a lifestyle that will earn you the respect and trust of others; this point is one of the essential qualities I believe Che Guevara had, because he always talked about respect for others.

[Recio] I mentioned that Che Guevara's thoughts are completely reflected in this code of ethics. I believe we must add that this code of ethics also is based on those experiences talked about in those party meetings held in July 1994, two years ago, in which Raul, our second party secretary and minister of the Revolutionary Armed Forces, spoke a great deal about the need to adopt a different attitude in the cadre. I believe it is good, given that we are talking about it now, to bear in mind that Cuban society was shaken up by a true social, political, and economic earthquake following the collapse of socialism in Eastern Europe, the strengthening of the blockade, and following the economic crisis the country experienced in which the economy took a nose dive, all of which have undoubtedly disorganized society.

[Rodriguez] Of course.

[Recio] All of these points have created certain trends toward the disruption of social order. Many of these factors not only had an influence on the lives of citizens but also on the cadre members or the other way around, not only on the cadre members but also on the citizens. When we talk about a code of ethics for state leaders, I believe you must bear in mind that the code of ethics also will be passed on to the intermediate leaders, even rank and file leaders both at the enterprises as well as at the mass organizations such as labor unions and other institutions in the country. We must say that the majority of our cadre members act according to a code.

[Rodriguez] According to a code.

[Recio] And according to an ethics; otherwise....[pauses] I wanted to talk about how those conditions that have not yet been overcome, by the way, also have adversely affected the people's morals. In the people, in the

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masses, there are a number of conducts that are not in keeping with a true, revolutionary code of ethics.

[Rodriguez] When a cadre member does not observe norms of respect and modesty in his lifestyle, I believe it adversely affects his comrades and neighbors.

[Recio] We must recognize the circumstances of recent times, including the trends being shaped in Cuba toward an economic model that is being drafted in practice but often does not fulfill the wishes of the Cuban people and their leaders. Despite the type of system being promoted, despite the demolishing impact of the economic problems on our ideology—because there is no doubt that those events have created political confusion and morally shook many people—and even though this situation adversely affected the people and the masses, and, of course, adversely affected cadres and leaders, we must say that the fact that the revolution has been able to maintain itself and has not been paralyzed, the fact that we have been able to move forward and to resist the blockade demonstrates that not all, only a minority of the cadre members and the people, have become involved in corruption and have abandoned the revolutionary ethics.

Cuba: Roundup of Economic Developments Through 23 Jul

PA2407234496

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 23 July.

Thanks to the reactivation of its three factories and the reorganization of its management, the production of the Metallic Production Complex (Combinado de Producciones Metalicas—Cometal) will surpass 10 million pesos, its director, Victor Gordon, has announced. During the first six months of 1996, Cometal built 690 containers and more than 700 metric tons of electrodes as well as the elevators used in hotels in Varadero's tourist zone. (Havana Radio Havana Cuba in Spanish 0000 GMT 11 Jul 96)

In an interview with TRABAJADORES, Education Minister Luis Ignacio Gomez has said the country has sufficient teaching material to cover the needs of the first six months of the new school year. There are more than 2.3 million students and 90,000 teachers in the country's school system. The government has invested $8 million for the secondary level schools in the countryside to ensure the living conditions there. (Havana Radio Havana Cuba in Spanish 0000 GMT 16 Jul 96)

More than 13,500 Holguin Province residents have new homes now that construction companies and the families affected finished 3,018 houses during the first half of year. (Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jul 96)

At the conclusion of the first months of the year, 55,660 metric tons of salt were extracted, and more than 38,510 metric tons of salt were processed in Guantanamo Province; this figure is three times the amount accumulated during the same period last year. For the past three months, Havana has been receiving 2,400 metric tons of salt a month. In 1994, the Frank Pais Salt Enterprise located in Caimanera, which provides 75 percent of all the salt consumed in the country, began an investment for 2.2 million pesos to repair its five installations. (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Jul 96)

The Holguin sugar industry completed during the first six months of this year more than 500,000 housing units, a work which was dedicated to the 26 July anniversary. (Havana Radio Havana Cuba in Spanish 0000 GMT 17 Jul 96)

The lobster industry at the Isle of Youth has fished 500 metric tons of lobster, or 50 percent of this year's goal. This activity contributes $5.5 million to the national economy. (Havana Radio Rebelde Network in Spanish 1155 GMT 17 Jul 96)

Construction Ministry brigades will begin work on the Rio de Oro Hotel in the (Estero Ciego) beach resort, Holguin Province. The hotel will expand the capacity of the province's tourist zone, as it will have over 200 rooms and will be the last three-building complex owned by the corporation Gaviota Inc. This corporation manages the Rio de Luna and Rio de Mares tourist complexes, which have a capacity of 500 rooms. (Havana Radio Rebelde Network in Spanish 1155 GMT 19 Jul 96)

The (Yaguajal) Heroes CTA (Agricultural-Livestock Cooperative) in Altizar, Havana Province, has received the vanguard plaque from the Association of Small Farmers of Cuba for producing an average of 10,000 quintals of plantains per caballeria. In addition, this CTA has set an example by producing 11,020 quintals of potatoes per caballeria. Its overall production of plantains, tubers, corn, garlic, and the like averages 9,000 quintals per caballeria. (Havana Radio Rebelde Network in Spanish 1155 GMT 19 Jul 96)

Workers involved in the Victoria de Giron citrus plant in Jaguey Grande have achieved their goal of 300,000 metric tons of harvested fruit. The Cuban Foreign Ministry has sent a congratulatory note calling this a

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"political-diplomatic success that shows the world our ability to resist and succeed." The Foreign Ministry has thanked the Youth Labor Army for its contributions in Jaguey Grande. (Havana Radio Rebelde Network in Spanish 1700 GMT 19 Jul 96)

Delivery of the first 150 rooms of the Arenas Doradas Hotel at Varadero Beach on 21 July confirms that construction of this hotel will be completed in a record time of 18 months. Construction was started in January 1995. (Havana Radio Rebelde Network in Spanish 1700 GMT 19 Jul 96)

The Martinez Tamayo Brothers Contingent has built structures worth more than 12 million pesos so far this year. It has surpassed construction goals by 16 percent during the first half of 1996. (Havana Cubavision Network in Spanish 0000 GMT 21 Jul 96)

A 22 July, Havana-datelined report states that Tilsner Holding Import-Export International of the Virgin Islands and Ciclo Havana of Cuba signed in Havana on 22 July an agreement to assemble and market bicycles, electronic appliances, and toys, among other things, in Havana. Tilsner Holding General Director Luis Angel Valverde said this involves a three-year contract to manufacture blenders, washing machines, fans, and irons with Cuban parts and the firm's technological expertise. Other items that will be manufactured include home air conditioners, bicycles, tricycles, skates, scooters, strollers, and other sports items for infants. (Havana PRENSA LATINA in Spanish 2047 GMT 22 Jul 96)

The Mambisa Division Agricultural Contingent known as Major General Calixto Garcia in Holguin Province has managed to increase its production of grains, tubers, and vegetables. This division produced nearly as many tubers last year as the entire agricultural sector of the province in 1993. (Havana Cubavision Network in Spanish 0000 GMT 23 Jul 96)

The Julio Antonio Mella Industrial Automation Center has become the first one to meet its sugarcane planting goals in the country. The center's final goal is to plant 220 caballerias. The goal in all of Santiago de Cuba Province is 900 caballerias this year. (Havana Cubavision Network in Spanish 0000 GMT 23 Jul 96)

The Heroes of the Playa Giron Citrus Center in Matanzas completed recently its most productive and efficient harvest of its history. It produced $5 million in net profits from the 1995-1996 citrus harvest and the processing of fruit juice concentrates and essential oils. The center processed more than 234,000 metric tons of fruit, 16,627 metric tons of juice concentrates, and 458 metric tons of essential oils from grapefruits and oranges. Total revenue is estimated at $25 million. (Havana Cubavision Network in Spanish 0000 GMT 23 Jul 96)

Guantanamo Province, the country's leader in cacao production, has surpassed harvest goals. It has harvested 30,500 quintals of cacao so far this year; this figure is higher than last year's by 2,300 quintals. (Havana Cubavision Network in Spanish 0000 GMT 23 Jul 96)

More than 200 homes were completed in the Plaza neighborhood in the town of Trinidad, Sancti Spiritus Province. A 7,000-seat stadium was inaugurated, and the Municipal History Museum was renovated. (Havana Cubavision Network in Spanish 0000 GMT 23 Jul 96)

State and private farmers have met 93 percent of demand for tubers, vegetables, grains, citrus juices, and fruits during the first half of 1996 in Pinar del Rio Province, but most supply difficulties involve tubers and vegetables. Farmers have failed to supply more than 20 percent of demand, because plantations were affected by intense rains in December and January. (Havana Radio Rebelde Network in Spanish 1155 GMT 23 Jul 96)

Haiti

Haiti: Deputy on Objections to Public Administration Bill

PA2407144396 Port-au-Prince Signal FM Radio in Creole 1130 GMT 22 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] The parliamentarians are supposed to give their ruling as of tomorrow or in the next few days on the economic program of the Haitian Government. The bill on public administration still is giving rise to many discussions at the Legislative Palace where the deputies say they need further explanations. One of the spokesmen for the Lavalas sector at the Chamber of Deputies, Deputy Jasmin Joseph says the bill on economic in the public administration needs to be more detailed. It does not set any legal deadline for the beginning and the conclusion of these reforms, according to what the deputy has pointed out. Jasmin Joseph has explained why the parliamentarians do not want to approve the executive's economic program at this time.

[Begin Joseph recording] The law itself that falls within the scope of reforms in the public administration rests on something blurred because until now the reforms in the public administration have not been instituted. No deadline has been set for its beginning and its conclusion. Neither are we aware of the substance of these reforms. This does not allow us to welcome this law. Many discussions are being made about it. We look at... [pauses] The social conquests such as the career

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guarantee or the employment security guarantee have been put aside by this law. This is exactly the reason why we declared this law unconstitutional. We have also noted irregularities. For instance, they are dismissing many people within the scope of the administrative reform while the law regarding this matter has not yet been voted. [end recording]

These were statements by Deputy Jasmin Joseph. We are informing you that the deputies will have to give a ruling in assembly tomorrow on the two bills the executive had sent to the Legislative Palace. The bill on public administration... [pauses] In the past few days, especially on 19 July, the deputies who favor the political program of the government met at the Chamber of Deputies on what they should do to have the study on the bill on public administration move forward. The deputies favorable to the reforms plan to take some measures so they can hold sessions although the deputies opposed to these reforms intend to boycott the sessions of the deputies. The deputies favorable to the reforms ask those who are against them to sit down and join discussions so that what needs to be changed in these bills can be changed. They remain convinced that the law must be voted so the country can progress.

Haiti: Preval Receives Aristide on Return From Japan

PA2407144496 Port-au-Prince LE MATIN in French No. 30,892 23 Jul 96 p 9

[From the "Haiti and Today's World" column: "Aristide Received by Preval"]

[FBIS Translated Text] Upon his return from Japan where he made a trip last week, former President Jean-Bertrand Aristide was allegedly received at the international airport by President Rene Preval. An impressive security service was deployed on the occasion.

[Port-au-Prince Radio Metropole in French at 1045 GMT 22 Jul 96 reports the following: "Former President Jean-Bertrand Aristide has returned to the country after his tour in Japan. Aristide was received by President of the Republic Rene G. Preval as he deplaned an American Airlines aircraft on 20 July . Important security measures were deployed at the international airport in Port-au-Prince on the occasion of the arrival or the return of former President Aristide."]

[Port-au-Prince Radio Quisqueya in Creole at 1030 GMT 22 Jul 96 reports: "The social organization Family Is Life, whose founder Jean-Bertrand Aristide returned to the country on 20 July after a stay in Japan, commemorated its 10th anniversary on 20 and 21 July. Aristide was received by President Rene Preval personally."]

Haiti: Acquittal of Malary's Alleged Killers Criticized

PA2407204496 Madrid EFE in Spanish 1911 GMT 24 Jul 96

[FBIS Translated Text] Port-au-Prince, 24 Jul (EFE) — Today a 12-member court acquitted two men charged with the killing of Haitian Justice Minister Francis Guy Malary, who was gunned down on 14 October 1993.

Robert Lecorps and Jean-Ronic Antoine, who is known as "Gwo Folio" and is a former military man linked to the personal security of former Police Chief Michel Francois, were found not guilty after the jury deliberated from Tuesday until early today.

District Prosecutor Jean-Auguste Brutus claimed the jury was "infiltrated" by "antidemocratic elements," and announced he will appeal the ruling before a higher court.

Haitian President Andre Preval also criticized the ruling, and he added that the Public Prosecutor's Office "failed to prepare adequately" to handle this judicial case.

Lecorps, 50 and a native of Cape-Haitien, is described as an extreme right politician.

Meanwhile, "Gwo Folio," 36, is linked to several cases of repression against opponents of the September 1991 coup d'etat.

Malary and two of his bodyguards were killed near the Heart of Jesus Church. Other accused will be tried in absentia because they fled the country shortly after the incident, according to the government. Several of them were members of the Haitian Army.

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Mexico: Zedillo on Economic Crisis; Secretary Comments

PA2407233896 Mexico City XEW Television Network in Spanish 0330 GMT 23 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican President Ernesto Zedillo said today the efforts made to check the economic crisis have been worthwhile.

According to a bulletin from the Presidency, the president received in the Avila Camacho Room of the Los Pinos Residence the new leadership of the National Federation of Banking Workers Union, headed by Enrique Aguilar Borrego. The president told them the discipline, drive, and efforts Mexicans have made have been worthwhile because the economic policies adopted to face the crisis and to bring about recovery have been successful. He said that during the first few months of the year, the production indexes of many sectors clearly establish that an economic reactivation under more stable conditions in the financial markets is taking place.

At Los Pinos, the president also received William Carson, mayor of the U.S. city of San Antonio, who was accompanied by investors from Texas. He also received the secretaries of health and education and the director of the National Finance Bank.

The president had dinner with the governor of Coahuila, Rogelio Montemayor; of Quintana Roo, Mario Villanueva; Durango, Maximiliano Silerios Paza; Campeche, Jose Salomon Azaar; and Hidalgo, Jose Murillo.

Leaving Los Pinos, Governor Murillo said they discussed economic affairs of each of the states and how the federalism the government is promoting is progressing.

Meanwhile, in Cancun, Finance and Public Credit Secretary Guillermo Ortiz said that the Mexican people have gone through a severe crisis and that much time may pass before economic improvement may turn into well-being for the people:

[Ortiz] "Macroeconomic figures point to a gradual recovery, a reduction in inflation, and the stabilization of markets. It is also true that this has not resulted in improved purchasing power or the people's recovery of their levels of consumption; this is evident."

He added:

[Ortiz] "We have said on several occasions that levels of consumption will not be recovered immediately, that it will be some time before we recover the level of consumption we had before the crisis. "

Ortiz said the challenge now is to secure a permanent, lasting income and consumption recovery. He said it will not be before two years that the Mexican Government will be able to have a standard of living similar to that which existed before the 1994 crisis:

[Ortiz] "I would say at least a couple of years, two years, before we reach the levels of consumption we had before the 1994 crisis."

Ortiz said in Cancun that Mexico, like the Central American nations, have a common challenge: the fight against poverty. He said the region's economic unification is one alternative to improve the region's social standards:

[Ortiz] "Globalization represents challenges and opportunities, but if globalization results in more jobs, this will help resolve the social problems of our countries."

Ortiz met in Cancun with the finance ministers of Nicaragua, Costa Rica, El Salvador, Honduras, and Guatemala. At the conclusion of the meeting, the officials issued a joint communique stating that it is necessary in the struggle against poverty to have economic development with equity and to expand economic opportunities by implementing efficient, social policies.

Mexico: EZLN, El Barzon Movement Sign Protection Accord

PA2407233796 Mexico City NOTIMEX in Spanish 2207 GMT 22 Jul 96

[FBIS Translated Text] Las Margaritas, 22 Jul (NOTIMEX) — It was announced today that the Zapatist National Liberation Army [EZLN] and the debtors organization El Barzon Movement have signed an agreement to provide mutual protection and to promote changes in the country's economic direction.

Victor Fernando Cuadra Flores, El Barzon Movement public relations secretary, said his organization met with EZLN Subcommander "Marcos" with whom they agreed to form a front of civilian organizations to fight abuse in the economic sector.

In an interview given at this locality in Chiapas State, Cuadra Flores said that after a meeting in La Realidad on 21 July, the Barzonists returned to their states to begin taking actions that will allow them to manage their debts. The Barzonist leader said that in 29 states of the country, the El Barzon Movement has about 600,000 members who owe about 320 billion pesos (about $41 billion) to several banking institutions.

Subcommander "Marcos," leader of the armed group that staged an armed uprising in January 1994 to press for the demands of indigenous peoples, and leaders of the El Barzon Movement, created in 1993 by farmers in search of a debt payment postponement, participated in the agreement.

The EZLN has been holding negotiations with the government of President Ernesto Zedillo since April 1995 in search of a definite peace for the southeastern state of Chiapas.

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Honduras

Honduras: Armed Forces Deployed To Fight Crime

96P20465A San Jose LA NACION in Spanish 7 Jul 96

[Received via Internet]

[FBIS Summary] The Honduran Armed Forces have deployed 2,000 soldiers in Tegucigalpa and San Pedro Sula to stop the occurrence of common crimes. The operation, reinforced by the police, began on Friday, 5 July, at 1200 GMT. General Hung Pacheco, chief of the Armed Forces, said that President Carlos Roberto Reina had ordered him to deploy the soldiers to protect the people. Criminal activity in the two cities has slowed due to the presence of the military.

The soldiers, armed with automatic rifles, radios, and other equipment, search vehicles and certain people. Air Force and Navy personnel are also participating in the operation. General Pacheco could not say when the operation would conclude because of "tactical" reasons, but he did say the operation could expand to include other cities.

According to sources for the Catholic Church and the Attorney General's Office, civilians possess approximately 67,000 illegal AK-47 rifles; they have recommended a general confiscation of arms to counteract the level of criminal activity.

Nicaragua

Nicaragua: Chamorro Sends Note on TWA Flight 800 to U.S.

PA2507034396 Managua Sistema Nacional de Television Network 0130 GMT 23 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] Nicaraguan President Violeta Chamorro today sent a note to U.S. President Bill Clinton expressing deep condolences for the tragedy of TWA Flight 800 in New York. In the name of the Nicaraguan Government and people, Chamorro expressed her deep feelings of solidarity with the U.S. people and everyone whom the disaster has affected.

Nicaragua: Roundup of Economic Developments Through 24 Jul

PA2507023496

[FBIS Report] The following is a compilation of reports on economic developments in Nicaragua monitored through 24 July.

EU Representative for Latin America Jose Miguel Anacoreta has said the EU invests more than $250 million a year in the region for education, health, refugees, rural development, democracy, human rights, and economic cooperation. The Nicaraguan Government on 15 July signed two cooperation agreements with the EU for more than $7 million. (Managua LA PRENSA in Spanish 16 Jul 96 p 2)

The Netherlands has donated $25.3 million to Nicaragua to support the 1996 elections and to help Nicaragua pay its foreign debt. The agreement was signed by Netherlands Charge d'Affaires Karel Van Kesteren and acting Nicaraguan Foreign Cooperation Minister Sergio Mario Blandon. (Managua BARRICADA in Spanish 19 Jul 96 p 6)

The Economy Ministry has announced that Nicaraguan exports increased 35 percent during the first six months of the year compared to the same period last year. The report has stated that the estimated figure is $650 million. (Managua Sistema Nacional de Television Network in Spanish 0100 GMT 18 Jul 96)

Labor Minister Francisco Rosales said upon returning from the meeting of Central American labor ministers in Guatemala City that unemployment is a problem that affects not only Nicaragua but all countries in the area. He added, however, that if the Nicaraguan economy continues to grow and reach at least 6 percent, unemployment figures also will be reduced significantly. (Managua Radio Sandino in Spanish 1200 GMT 17 Jul 96)

Panama

Panama: Repatriation Agreement Signed With Colombia

PA2407200996 Panama City LA PRENSA in Spanish 24 Jul 96 p 3

[Report by Jose Otero]

[FBIS Translated Text] Government and Justice Minister Raul Montenegro has announced that approximately 40 Colombian citizens under arrest in Panama will complete their sentences in their country of birth as of October, when the bilateral repatriation agreement signed by both governments goes into effect.

The agreement will initially benefit inmates with serious health problems and those who have served at least 50 percent of their sentences. The agreement specifies that prisoners sentenced for political or military crimes do not quality for this benefit.

Montenegro pointed out that there are approximately 200 Colombians incarcerated in Panama, and that 32 of them are fully qualified to be repatriated. He added that eight other similar cases are under consideration.

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The Colombian authorities have not yet announced the number of Panamanians under arrest in Colombia who might qualify for this Sentence Fulfillment Treaty [Tratado de Cumplimiento de Sentencias].

The agreement states that the benefits are applicable only to citizens of Colombia and Panama, and will include minors.

It adds that only the state where the prisoner is being held by the prisoner's own initiative or a previous written request from the receiving country, can grant penal benefits, but never increase the sentence.

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Argentina

Argentina: Di Tella 'Optimistic' Over Falklands

PY2507032496 Buenos Aires TELAM in Spanish 2333 GMT 24 Jul 96

[FBIS Translated Text] Buenos Aires, 24 Jul (TELAM) — Foreign Minister Guido Di Tella today was optimistic over the steps that Argentina is taking in international fora to regain full sovereignty over the Malvinas [Falkland] Islands.

The foreign minister emphasized: "The Malvinas policy is marching well and the favorable vote for Argentina at the UN Decolonization Committee represents another benchmark."

The foreign minister held a news conference this afternoon. During the conference, he raised the issue involving the favorable vote for Argentina at the UN Decolonization Committee's session.

Di Tella also praised Chile's presentation of the Argentine stance. He also described as inaccurate the existence of a "coalition between Chile and the UK against Argentina."

The foreign minister said: "After this vote, it has become clear that there is no such thing as an informal coalition between Chile and the UK against Argentina."

Di Tella also mentioned the presence of opposition congressmen at the United Nations.

The foreign minister said: "The presence of [Radical Civic Union Deputy] Marcelo Stubrin was extremely important, as, in his remarks, he said the Argentine stance is being supported by everyone, and not just by a few."

Di Tella voiced the same opinion on the presence of the war veterans and descendants of Luis Vernet, the first Argentine governor of the southern archipelago.

Referring to the effective support received from the Mercosur [Common Market of the South] countries, Chile, and Bolivia, Di Tella emphasized that Argentina made a "colorful" presentation of alliances at the UN Decolonization Committee.

In this regard, the foreign minister indicated that BBC journalists who interviewed him described the islanders' attitude as "dismal" after the vote.

Di Tella also pointed out that the rapprochement policy toward the islanders "has many channels, not just one," including the Argentine stance in international fora and its relationship with the UK.

The foreign minister said: "A lobby [preceding word in English] is forming in the UK to end with this (the sovereignty dispute). For example, British Gas says: "Messrs., stop playing games and end with this."

Di Tella added: "The islanders are not part of formal discussions, as this is a bilateral issue that has been admitted as such by the United Nations, but they are a key part of the problem."

Concerning this issue, Di Tella noted that it is necessary to maintain a good relationship with the islanders, "as it serves us to achieve international support."

The foreign minister described as "understanding attitude" the one taken by the United States and that "it would eventually ask the UK to initiate negotiations."

Di Tella said the oil agreement with the UK will depend on making headway in the issue involving communications with the islands.

The foreign minister said: "Communications are a very important issue. We cannot make headway in the oil issue, if we have to send workers with Belgian passports."

Argentina: Cavallo Threatens To Resign After Reprimand

PY2507025796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0045 GMT 25 Jul 96

[FBIS Translated Text] Buenos Aires, 24 Jul (NA) — After President Carlos Menem harshly reprimanded Economy Minister Domingo Cavallo this morning over the latter's decision to revoke the wage reduction for public servants in the Economic Ministry whose wages exceed 2,000 pesos, Cavallo threatened to resign from his post.

Reliable sources tonight relayed to the NOTICIAS ARGENTINAS news agency that the president was visibly annoyed when he learned of the unilateral decision made by the economy minister.

During a ceremony held to present subsidies to the AMIA [Argentine-Israeli Mutual Association], Menem expressed his annoyance to Cavallo in front of Chief of Cabinet Jorge Rodriguez, Interior Minister Carlos Corach, and Education Minister Susana Decibe.

High-ranking government sources relayed that Menem told Cavallo he believed it was not fair to increase the wages of the Economy Ministry officials at a time when adjustments are being made in all areas. The president said indignantly: "I don't think this measure is fair when everyone else is making efforts."

At that moment, Cavallo replied to Menem that the wage adjustment is allowed due to savings made in the Economy Ministry expenditures.

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Raising his tone of voice, Cavallo told Menem: "You are talking about justice, but I want to tell you that if you sign the decree benefiting the Banking Social Services [Servicios Sociales Bancarios], I will resign."

Cavallo was referring to the possibility of revoking a measure that abolished a 2-percent contribution on banking interest that the financial entities were paying to the Banking Institute [Instituto Bancario].

After his threat, Cavallo turned around to leave Government House, but Menem abruptly stopped him, telling him "at the top of his voice": "I am tired of your threats, if you want to leave, then leave."

Vis-a-vis the president's firm attitude, Cavallo chose to leave quietly, and then participated in the ceremony with AMIA leaders.

The sources described the aforementioned ministers as "passive actors," as they limited themselves to listening without participating.

After the presidential reprimand, Horacio Liendo, the Economy Ministry secretary for legal and technical affairs, explained the extent of the measure taken by the Economy Ministry.

Liendo indicated that the revocation of the wage reductions benefited the Economy Ministry's career officials, and not political officials.

Nevertheless, alarmist rumors circulated this afternoon in the Buenos Aires financial circles on the stability, not only of Cavallo, but of other economic team members as well.

These reports contributed to creating an atmosphere of insecurity in the financial market at a time when investors are reluctant to invest in the domestic market.

Menem's reprimand allegedly was not Cavallo's only trouble today, as Chief of Cabinet Jorge Rodriguez and other executive branch members advised against the economy minister's appointment as acting defense minister.

Through the Ministries Law regulatory decree, Cavallo has been appointed to [temporarily] replace outgoing Defense Minister Oscar Camilion.

Argentina: Cavallo Appointed Acting Defense Minister

PY2507014596 Buenos Aires TELAM in Spanish 0020 GMT 25 Jul 96

[FBIS Translated Text] Buenos Aires, 24 Jul (TELAM) — President Carlos Menem tonight appointed Economy Minister Domingo Cavallo as acting defense minister until current Buenos Aires mayor Jorge Dominguez is installed as defense minister.

Through separate decrees released at Government House tonight, the executive branch appointed Jorge Dominguez as defense minister and Domingo Cavallo as acting defense minister.

Through Decrees 844 and 839, the executive branch also accepted the resignations tendered by Oscar Camilion from the post of defense minister and Heriberto Jorge Baeza Gonzalez from the post of Defense Ministry military affairs secretary.

Baeza Gonzalez's resignation will become effective as of his replacement date, but no later than 6 August.

Through Decree 838, the executive branch also accepted the resignation tendered by Defense Ministry Planning Secretary Guillermo Federico Etchechoury. Etchechoury's resignation will become effective in the same manner as that of Baeza Gonzalez's.

Foreign Ministry circles also reported tonight that, through Decree 834, the executive branch appointed Ambassador Andres Agustin Cisneros as secretary for foreign relations and Latin American affairs. His appointment becomes effective as of 31 July.

Through Decree 824, the executive branch appointed Daniel Esteban Herrendorf as Justice Ministry under secretary for legislative affairs.

Argentina: Menem Denies Further Cabinet Reshuffle

PY2407190196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1204 GMT 23 Jul 96

[FBIS Translated Text] Buenos Aires, 23 Jul (NA) — President Carlos Menem has stated that "for the time being" there will be no cabinet reshuffle following the resignations of Defense Minister Oscar Camilion, and Justice Minister Rodolfo Barra.

Menem said: "To avoid all doubts, I want to remind you that only the president is elected through the vote. Other officials are replaceable, and I am ready to face any unpredictable situation."

Menem denied the resignations of Camilion and Barra were related the arms sale to Ecuador, or to charges of past ties with Nazism, respectively.

Menem flatly denied that Camilion could be appointed ambassador somewhere. He emphasized the decision to appoint Buenos Aires Mayor Jorge Dominguez as defense minister.

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Menem said: "Dominguez is a serious, responsible, and reflexive man, and one of the best Buenos Aires mayors."

Menem reaffirmed that "no new taxes will be created"; on the contrary he is seeking "to reduce them."

Menem told a Buenos Aires morning paper that he is "annoyed" with tax evaders, and cannot hide his concern over the fiscal deficit and tax evasion.

Menem said: "I do not want anybody to go to prison — as happened to me — but tax evaders annoy me." He thus justified a decision to enhance the Criminal Tax Law which contemplates prison terms.

Menem described Fernando De La Rua — elected-chief of government of the Federal Capital — as a "talented man," and promised to help him during the transition period.

Menem said, however, he will not attend the Radical Civic Union leader's inauguration, which will "instead be attended by the vice president (Carlos Ruckauf)."

"I cannot be everywhere. Were that possible, I would have gone to the Quilmes mayor's inauguration," Menem said justifying his decision not to attend de la Rua's inauguration.

Menem flatly rejected the possibility that Dominguez may have problems with Economy Minister Domingo Cavallo. He said he asked his assistants to provide De La Rua with "everything he needs to perform well in his post."

Menem said: "I represent the government, and to say that I represent the government does not mean I am pedantic or arrogant. If he has no problems with the president, he will have less troubles with low-level officials."

Argentina: Di Tella Says Menem, Fujimori To Meet in Quito

PY2407233696 Buenos Aires LA NACION in Spanish 24 Jul 96 p 4

[FBIS Translated Text] Foreign Minister Guido Di Tella has announced in New York that President Carlos Menem and Peruvian President Alberto Fujimori will breakfast together on 10 August in Quito, Ecuador. He described this meeting as "very important."

The presidents will meet during the inauguration ceremony of Ecuadoran President-elect Abdala Bucaram.

Di Tella departed last night for Buenos Aires from New York, where he participated in a UN Decolonization Committee's meeting at which the Malvinas issue was raised. He was interviewed by a Buenos Aires radio station. Asked if Menem would apologize to Fujimori over the sending of Argentine rifles to Ecuador during the so-called Condor Mountains war between Ecuador and Peru, Di Tella responded that he does not believe it is appropriate to apologize "as we have acted in keeping with the information available to us." Asked about the Peruvian malaise over that incident, Di Tella said: "I believe these clouds have been dispersed."

The foreign minister said: "Events developed the way we believed they would: Not just as the courts ruled — by defining responsibilities — but through the political decision of [former Defense Minister Oscar] Camilion to resign."

Argentina: Economy Ministry Denies New Economic Measures

PY2407171396 Buenos Aires LA NACION in Spanish 21 Jul 96 pp 1, 16

[FBIS Translated Text] Economy Minister Domingo Cavallo has denied that the government is studying the implementation of new taxes or an increase in tax rates, a widespread fear in entrepreneurial circles.

The Economy Ministry last night issued an official communique emphasizing that it "absolutely and categorically denies reports that the ministry is studying measures to increase taxes or tax rates in order to complement the measures already announced."

The document adds that "the ministry reiterates once more that it is not studying the implementation of new measures for that purpose, stressing that those who spread those rumors only want to generate uncertainty in the midst of the Argentine people and influence the country's economic policy."

High level sources consulted by LA NACION made two things clear:

1) That Cavallo presumes that there is a kind of preventive lobby sponsored by some entrepreneurial groups to neutralize possible fiscal measures, and to spread rumors that originate with legislators and political leaders in order to weaken the economy minister's position and influence the economic strategy.

2) That even if there are no studies on new taxes we should not rule out the future adoption of concrete measures to reduce public spending.

"What we are not studying is a new fiscal package," an Economy Ministry spokesman said.

LA NACION learned that the sequence of decisions that Cavallo's team will follow will be the following: First, the administration will wait to confirm the results of this

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month's tax collections, where the economic team has high expectations. Before the end of the month people will be presenting their reports on profits and personal assets and many large taxpayers announced that they will pay now what they did not pay last June.

With figures in hand, Cavallo and his assistants will decide the kind of measures they will need to make sure that the fiscal deficit will not exceed $1 billion in the second half of the year.

But before making any decisions they will wait for the arrival of the IMF mission that will be visiting Buenos Aires in mid August to renegotiate the fiscal goals for the entire year.

"The economic team will not make any decision besides establishing mechanisms for the implementation of the measures already announced up to now. We might also reach the conclusion that no new measures are necessary to correct our fiscal situation," one of Cavallo's assistants said.

The Suspicions

Yesterday Cavallo thought he noticed, as on many other occasions, that a campaign against him and his policies seemed to be in the making. He imagined that entrepreneurial groups affected by the latest decisions forced the circulation of rumors on new measures that would allegedly discourage the country's exports. He also cast doubts on the strength of the support he won with President Carlos Menem, the Congress, and the Justicialist Party.

The minister, then, came out to confront the rumors and asked his assistants to do the same. "Minister Cavallo's speech on 19 July was clear and categorical. He said that the economic team is in no way thinking about imposing taxes on exports. Everything said on that occasion will remain unchanged," Vice Minister Juan Llach said.

Cavallo jumped when he read in the newspapers about possible measures. But there are internal discussions along those lines within the economic team, one of his close assistants admitted.

Sooner or Later

Among those possible measures there are some items that will become more important sooner or later, such as the incorporation of refunds on exports, which are now exempt, into the tax base to determine taxable profits. A measure such as this will produce some 360 million pesos per year in taxes.

The economic team is also evaluating the possibility of reducing the subsidies granted to the railroad and subway companies, as well as the possible application of VAT to the transport of passengers, a decision that does not require congressional approval.

Another item is the implementation of an exports promotion program — and economic area that the Ministry is seeking to strengthen, perhaps out of fear of a retraction in the internal market — in order to finance up to 50 percent of the projects presented by small and medium size companies.

But there is something that was made clear. The government will not reinstate, for sure, the retentions on agriculture production or increase company contributions.

The government wants to resolve the fiscal crisis, but it also wants to maintain the hopes of a recovery intact.

Argentina: Economists Doubt Minister Cavallo's Figures

PY2407205796 Buenos Aires CLARIN in Spanish 21 Jul 96 p 22

[Article by Jorge Luis Velazquez]

[FBIS Translated Text] Most consulting firms have expressed doubts about Economy Minister Domingo Cavallo's figures on this year's fiscal deficit. The minister says the deficit will be 3.5 billion pesos, but private analysts believe it will be between 4.5 billion and 6 billion pesos.

The minister made his calculations after estimating the impact of the adjustment measures announced at the Argentine National Bank on 12 July. Cavallo said: "We will obtain 2 billion pesos that will permit us to fulfill our budget goals in the second half of 1996."

The first half of the year ended with a deficit of 2.5 billion pesos. That was the figure foreseen by the IMF for the entire year. Now Cavallo wants to renegotiate this goal with the IMF, promising to maintain the deficit for the second half of the year at no more than 1 billion pesos, and to end the year with a deficit of 3.5 billion pesos.

However, not one single analyst believes the deficit during the second half will stay at projected levels. Carlos Melconian told CLARIN: "The adjustment measures are not enough. They will not produce more than 800 million pesos."

This economist and his partner Roberto Sangangelo presented a study on the foreign debt at the Stock Exchange on 19 July that was widely acclaimed by Cavallo. But the minister will probably reject their opinion on the deficit: "We believe the year will close with a deficit of between 4.5 billion to 5 billion pesos."

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Another expert with a different opinion is Alberto Rodriguez Giavarini. He answered a question posed by this newspaper with a forecast, but after clarifying: "I would prefer to abstain from giving figures because they could be misinterpreted given my new political functions," said the newly appointed Federal Capital finance minister in Fernando de la Rua's administration.

Rodriguez said: "Cavallo says the deficit will be 3.5 billion pesos because he assumes the economy will grow by 5 percent. I think the economy will grow at most by 2.8 percent and thus the deficit will be much larger than that calculated by the minister."

Daniel Novak, of CEDEI [expansion unknown], said the deficit will be close to 6 billion pesos. He said: "I do not believe the government can cut spending or increase tax collections enough to fulfill official estimates."

The economist added: "Either of these options will have a recessive effect on the economy. The only way to finance the deficit is through privatizations or a larger debt, but these do not resolve the problem either."

The weekly report issued by the Rio Bank that is prepared by Economists Domingo Stamati also contain contradictions to Cavallo's predictions. Stamati said: "In the short term, the deficit will not drop substantially, unless the economy recovers its high levels of economic activity."

The economist concluded with the following figures: "The 1996 forecast indicates the deficit will be 4.5 billion pesos. This will be financed with privatizations (1.5 billion), loans on the moratorium (500 million pesos), and the placing of debt notes on local and international markets." The Econometrica company, which is owned by former Minister Dagnino Pastore, put the deficit at 5.3 billion pesos. The Argentine Industrial Union placed the deficit at 4.3 million pesos or 4.5 billion pesos.

The Economy Ministry doubts the decrees reducing family allowances and taxing food coupons are enough. This is why Cavallo's team is analyzing a new fiscal package.

Argentina: Editorial Views Free Trade, Cuban Blockade

PY2407195096 Buenos Aires CLARIN in Spanish 23 Jul 96 p 8

[Editorial: "Free Trade and the Cuban Blockade"]

[FBIS Translated Text] In the management of its Cuban blockade, the U.S. Government has again become involved in a contradiction among its principal banners: Free trade and effective democracy. This time, however, the EU's firm refusal to follow the broad extra-territorial framework of the Helms-Burton law forced President Clinton to compromise.

We recall that Clinton approved a bill drawn up by congressional hardliners after the Cuban Government downed two civilian aircraft that were owned by Cubans living in Miami. The law imposes sanctions and high costs on any foreign company that trades with Cuba and legally binds the use of properties formerly owned by exiled Cubans.

This adverse reaction spread from Mexico and Canada — the main trading partners of the United States within NAFTA, and which also maintain significant economic ties with Cuba — to Latin America and subsequently to the EU, which represents 45 percent of the island's trade.

In an unusual consensus, the 15 EU member countries replied with a package of commercial reprisals against the United States and with protection measures for European companies installed in Cuba. What a paradox: The attempt to force the political liberation of the Cuban regime opened a new front in the commercial war between the large blocs, creating a scenario that is totally opposed to the modern principles of flexibility and opening of international trade.

If we add the fear produced by an inroad of U.S. laws over international laws that might extend to other cases, we must conclude that the reinforcement of the embargo against Cuba ended by going beyond its intended purposes and generating counterproductive effects for U.S. foreign policy makers.

In view of this situation, the U.S. President decided to postpone the application of the most controversial chapter of the Helms-Burton law, but he has not been able to change the fearful image of an excessive foreign demonstration of force which is more linked to the country's domestic needs than to its important role in international balance.

Bolivia

Bolivia: Parties Discuss Samper Visa Cancellation

PY2407172496 La Paz LA RAZON in Spanish 12 Jul 96 p 9

[FBIS Summary] The Movement of the Revolutionary Left, MIR, and some other parties strongly reacted against the United States when the Clinton administration decided to withdraw Colombian President Ernesto Samper's visa. The MIR deputies deemed the decision "disproportionate, a lack of respect for the Colombian nation, a decision entirely in accordance with the Roman Empire style, a decision inspired by electoral goals,

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and an intent to eliminate the Latin American political areas linked to social democracy." A few months ago four of the main MIR politicians — former President Jaime Paz Zamora, MIR's second highest leader Oscar Eid, former Interior Minister Carlos Saavedra, and former Interior Minister Guillermo Capobianco, as well as Paz Zamora's sister Edith Paz Zamora — had their visas canceled for apparent drug trafficking crimes, which have not been confirmed by the Bolivian courts.

Further, several political parties' criticize the U.S. decision to cancel Samper's visa. The Free Bolivia Movement deemed the decision a way of "meddling" with Colombian affairs and that "it was a mistaken decision;" Ricardo Paz, executive secretary of Conscience of the Fatherland said the U.S. decision was "mistaken" and a "clumsiness," adding that "for some time now the United States has been making terrible mistakes related to its foreign policy, particularly regarding drug trafficking"; Jaime Ponce, head of the Political Committee of the Solidarity Civic Union, said that the U.S. decision had been "exaggerated," that it had been "too strong," and politically inspired; Guido Camacho, who is a Nationalist Democratic Action deputy, said the decision overlooked Colombia's sovereignty and responded to an international policy approved by the U.S. Congress through the Helms-Burton Law, which will cause a chain reaction that will divide the planet into two camps — the United States against the world and the world against the United States. Raul Lema, executive secretary of the Nationalist Revolutionary Movement, said that "a sovereign country has the right to grant or withdraw visas," and that if Bolivia decided to withdraw Bill Clinton's visa, no country would have any right to complain about it.

Bolivia: News Summary for 22 Jul

96CA0249A (Internet) Bolivian Social Communications Ministry WWW in Spanish 22 Jul 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs [passage omitted]

Departmental Representation Almost Worked Out

Today marks the start of the second Extraordinary Congress, which is intended to work out the implementation of the Constitution's controversial Article 60. It now seems almost certain that La Paz will gain two deputies and Santa Cruz three, while Potosi will lose three, and Chuquisaca and Pando one each. The MNR [Nationalist Revolutionary Movement] says that the civic committees "have no moral grounds" for complaint. Perhaps it will soon be known how the nation will be divided for electing deputies through the "uninomial" system. [passage omitted]

Economic News

Business Extortion Risk Persists

The recent debate on financing the political parties has shown once again that the political system remains open to contributions by businessmen in difficulties, who may become the victims of blackmail, like banker Jorge Cordova.

According to the Electoral Bill introduced this week, both domestic and foreign private businesses will be barred from financing campaign activity. But this restriction will not apply to businessmen as individuals. [passage omitted]

Bolivia: News Summary for 23 Jul

96CA0263A (Internet) Bolivian Social Communications Ministry WWW in Spanish 23 Jul 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Political News

Possibility of Bolivian Access to Pacific

Santiago, Chile. Chile's foreign minister, Jose Miguel Insulza, yesterday revealed that his country's government has not ruled out the possibility of granting a strip of land to Bolivia on a concessionary basis, so that Bolivia may have access without problems to the Pacific Ocean.

The Chilean foreign minister argued, however, that this proposal does not imply granting sovereignty to La Paz over any Chilean territory, but said rather that it would simply be treated as a concession. He did not specify whether any payment between the two nations would be involved.

The idea, according to Insulza, is not new, as he himself had already brought it before the OAS [Organization of American States]. He added that the issue "has been worked on for some time." [passage omitted]

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Economic News

Public Sector Surplus Reported

The Ministry of Finance has reported that during the first five months of 1996, the public sector recorded a surplus of 0.3 percent in the gross domestic product.

"This reflects a balanced fiscal situation and an increase in public investment," adds the official report from the ministry. Between January and May, the total revenues from non-financial public sector operations came to a total of 3.335 billion bolivianos, while the total expenditures came to 3.252 billion bolivianos. [passage omitted]

Brazil

Brazil: Chamber of Deputies Approves Creation of CPMF Tax

PY2507001796 Sao Paulo AGENCIA ESTADO in Portuguese 2157 GMT 24 Jul 96

[FBIS Translated Text] Brasilia, 24 July (AE) — A short while ago the Chamber of Deputies approved the second voting round — by 328 votes to 123 with five abstentions — the constitutional amendment which creates the Provisional Contribution on Financial Operations (CPMF). The new contribution will be collected as of November or December and it will be enforced — under an agreement reached two weeks ago — until December 1998. During this period, the CPMF rate will be 0.20 percent on any financial movement, such as the issuance of checks, money withdrawals through magnetic cards, financial investments, etc. In the next few days the government is expected to send to Congress a draft bill regulating the collection of this contribution and establishing exemptions.

Brazil: Luiza Erundina Leads Poll for Sao Paulo Mayor

PY2407135896 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 23 Jul 96

[FBIS Translated Excerpt] IBOPE [Brazilian Public Opinion and Statistics Institute]-Rede Globo has revealed the results of the second poll it made on the preferences for Sao Paulo mayor. The candidate of the PMDB [Brazilian Democratic Movement Party] has still not been decided between Jose Pinotti and Joao Leiva. The first poll considers Joao Leiva as PMDB candidate to mayor.

If the elections were held today, Luiza Erundina, from the PT [Workers Party] would receive 27 percent of the voters preference; Celso Pitta, from the PPB [Brazilian Progressive Party] 19 percent; Francisco Rossi, from the PDT [Democratic Labor Party] 18 percent; Jose Serra, from the PSDB [Brazilian Social Democracy Party] 14 percent; Joao Leiva from the PMDB and Campos Machado from the PTB [Brazilian Labor Party] have 1 percent of the voters preference each. Blank, null, and undecided votes amount to 20 percent.

The following is the result obtained considering Jose Aristodemo Pinotti as PMDB candidate. If the elections were held today, Luiza Erundina would receive 20 percent of the votes; Celso Pitta 19 percent; Francisco Rossi 18 percent; Jose Serra 15 percent; Campos Machado, Jose Aristodemo Pinotti, and Valerio Acari from the PSTU [Unified Socialist Workers Party] would each receive 1 percent of the voters preferences. Blank, null, and undecided votes would amount to 18 percent. [passage omitted]

Brazil: Poll Shows PSDB Candidate Ahead in Rio de Janeiro

PY2507032896 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 24 Jul 96

[FBIS Translated Text] Rio de Janeiro is the capital with the greatest rate of blank, null, and undecided votes among all the 11 capitals polled by IBOPE [Brazilian Public Opinion and Statistics Institute]-Rede Globo. The following is the result of the IBOPE-Rede Globo poll on the elections for Rio de Janeiro mayor.

If the elections were held today, Sergio Cabral Filho, from the PSDB [Brazilian Social Democracy Party] would receive 24 percent of the votes; Miro Teixeira, from the PDT [Democratic Labor Party], 20 percent; Luiz Paulo Conde, from the PFL [Liberal Front Party], 6 percent; Chico Alencar, from the PT [Workers Party], 5 percent' Sergio Arouca, from PPS [Popular Socialist Party], 2 percent; Ciro Garcia, from the PSTU [Unified Socialist Workers Party], Ivan Pinheiro, from the PCB [Brazilian Communist Party], and Jose Miguel from the PSDC [expansion unknown], 1 percent each. Blank, null, and undecided amounted to 40 percent.

Candidates Wanderley Assis, from the PRONA [Party for the Redefinition of the National Order], Paulo Memoria from the PSL [expansion unknown], Nilton de Oliveira, from the PRTB [expansion unknown], Magro Cruz, from the PMN [National Mobilization Party], and Antonio Pedregal from the PT do B [Brazil's Workers Party], received less than 1 percent of the votes. Osvaldo Oliveira, from the PST, did not receive any vote in the poll.

IBOPE polled 600 people between 16 and 20 July.

The following is the performance of the best-placed candidates. The comparison has been made with a former poll carried out between 1 and 3 July.

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Sergio Cabral Filho maintained 24 percent of the votes; Miro Teixeira dropped from 24 to 20 percent; Luiz Paulo Conde climbed from 3 to 6 percent; Chico Alencar climbed from 4 to 5 percent. The addition of the other candidates dropped from 6 to 5 percent.

Brazil: Senate Leaders Said Dissatisfied With Sarney

PY2407132096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Jul 96 p 5

[Report by Raquel Ulhoa]

[FBIS Translated Text] The dissatisfaction of government party leaders in the Senate with Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] is becoming increasingly clear.

They charge him with exercising his duties with authoritarianism, as if he were the owner of the Senate, and they feel increasingly isolated.

The leaders claim that Sarney makes all decisions by himself, and that they are not consulted even for the agenda for the voting.

Intrigues intensified last week, after some events that placed Sarney and the leaders on opposite sides.

The most serious event was the approval of two bills expanding the tax exemption band for micro enterprises, both of them drawn up by Sarney.

The government asked for the postponement of the voting on the two bills, on the grounds that revenues would drop by 4 billion reals [R].

Sarney did not agree, and he personally worked for the approval of his proposals. He even had an argument with government leader Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo].

On 18 July, Alvares and the other government leaders were surprised by the approval of a request — submitted by Sarney — to eliminate the deadlines for studying the educational reform proposal. The government wants the reform rapidly approved, but the leaders complained that they were not even told about the initiative.

The first dispute occurred when Sarney closed the Board of Leaders, putting an end to the practice of consulting with leaders about the main Senate decisions, including the preparation of the agenda.

Since then, leaders have been surprised by agenda topics on which no agreement has been reached and on which the government has not advised its lawmakers as to the position they should adopt.

One of the first cases, at the beginning of 1995, was the bill establishing a 12-percent ceiling on annual interest rates. Caught off guard, the government could not prevent the approval of the bill, which ended up being rejected in the Chamber of Deputies.

Another event that caused discomfort to the leaders was the coordination work that Sarney did on the government proposal for regulating the use of provisional measures.

The Senate president created a commission to coordinate the constitutional amendment proposals that had already been submitted on the subject. The commission approved a report, which was practically ignored by Sarney. He asked lawyer Saulo Ramos to draw up a proposal while he started to personally negotiate with President Fernando Henrique Cardoso.

Sarney reacted with irritation to the leaders' complaints.

"That is jealousy, gossiping. The leaders do not want to help the government, but they want to appear as the ones who make the decisions," Sarney told FOLHA.

He mentioned the example of the educational reform proposal, for which he submitted a request to expedite the debate.

"The leaders wanted Education Minister Paulo Renato to ask them to make an urgent debate on the bill. The minister, however, came to my office and made the request. I am doing what the minister asked me to do, and this awakened their jealousy," Sarney said.

Jose Sarney said he ended the Senate president's power to include on the agenda whatever topic he wishes.

"All topics submitted by the commissions are included on the agenda 15 days before they are debated on. The leaders are not consulted because everything is included. My political background would never allow me to shelve a proposal."

Brazil: Toy Import Policy Difficulties Noted

PY2407163896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Jul 96 p 8

[Editorial: "Dangerous Toy"]

[FBIS Translated Text] The Foreign Ministry has started to harvest dissatisfaction as a result of the Industry, Commerce, and Tourism Ministry's unilateral decision to increase, from 20 percent to 70 percent, the import tariff on toys: The EU has asked Itamaraty to explain the measure, which is deemed a violation of the WTO Code of Safeguards.

In other words, the 15 countries that comprise the largest economic bloc worldwide want to log complaints

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against Brazil for the adoption of restrictive trade practices, which cannot be accepted by the WTO countries, among which Brazil is included. It is legitimate to try defending the Brazilian industry, but no measure contrary to accords signed by the country can be adopted.

The implementation in March 1995 of the automotive regime in order to protect the Brazilian industry has awakened, worldwide, the fear that Brazil was going back on its trade opening. Japan and the ROK had already logged complaints at the WTO against Brazil in view of the restrictions established on car imports. European reaction toward restrictions on toy imports opens a new front of resistance to the protectionist measures Brazil has been adopting in the last 15 months. Protectionism toward toy imports can have a high price: The 70-percent import tariff on cars may be ruled out, and this has more weight than the increase on import tariffs charged on toys.

Seen from abroad, this is a condemnable procedure. From the domestic point of view, resorting to protectionism can be highly harmful. History teaches that, due to the cartel-like structure of the Brazilian economy, each time an import tariff is increased — to grant our national industry the possibility of investing in order to become more competitive — prices are immediately readjusted domestically. Opening our market to competitiveness, therefore, benefits consumers because products with better quality and prices are thus offered to them.

What is being done on orders of the Industry, Commerce, and Tourism Ministry, perhaps even because Minister Francisco Dornelles is naive and gives in to the claims of entrepreneurs who, during the long years while the Brazilian economy was still closed, have not prepared themselves to compete — is a way of protecting ineffective cartels that harm consumers. Several other areas, such as the paper-manufacturing one, are willing to obtain the same type of government protection in order to compensate for their loss of revenue resulting from the drop in the international price of cellulose. May the consumer thus beware.

Brazil: Toy Import Tariff Rise Not To Prompt PRC Action

PY2407214896 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Jul 96 p A5

[Report by Maysa Previdello]

[FBIS Translated Text] The toy import tariff hike will not prompt retaliations from China, which is the most badly harmed by the measure — at least not for the next two months. Chen Kongming, Chinese Embassy official in charge of economic affairs, said on 22 July: "It is said that we will increase soybean import tariffs, but nothing has been scheduled yet."

After denying the Chinese Government would take action on the toy import tariff hike, Kongming — who is a member of the Chinese Industry and Commerce Mission to Brazil — harshly criticized the measures the Brazilian Government adopted to hinder the importation of Chinese products, especially toys and textiles. Kongming recalled that President Cardoso "always referred to relations with China as a strategic partnership, but this attitude will not help this partnership."

Jing Minkuan, the chief of the Chinese mission, said that even though the Chinese Government does not intend to impose sanctions on Brazil, it will try to resolve the problem of the tax established by the Industry, Commerce and Tourism Ministry. Jiang said: "We are friendly countries, and we would like to resolve this matter in a friendly manner, instead of resorting to harsher measures." Jiang is also vice president of the Chinese Industry and Commerce Federation.

The Chinese mission believes Brazil cannot produce enough toys to meet domestic demands, claiming that domestic production is worth $650 million and demand is worth $700 million. The Brazilian Toy Industry Association (Abrinq) rebutted this claim, noting that in 1995 domestic sales stood at $425 million, with about $400 million worth of unsold products. The Abrinq press office has stated that the Brazilian market has room for imports, provided they are not the so-called "predatory imports," with prices below cost.

The Chinese delegation, which has been in Brazil since 20 July, signed a cooperation agreement on 22 July with Sebrae [Service for Support to Small and Micro Firms] to exchange techniques for the development of small and mid-sized enterprises.

Brazil: Lampreia Favors 'Conditional Protection' in Trade

PY2407162096 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Jul 96 p A3

[Commentary by Foreign Minister Luiz Felipe Lampreia: "Trade Policy: Dotting the i's"]

[FBIS Translated Text] Mistaken are those who — in a hasty analysis of the restrictive measures imposed on the importation of some products — think that Brazil is violating commitments made to the WTO and to Mercosur, or that the country is treading a path different from that of a competitive opening of its foreign trade. Also mistaken are those who, convinced that it is necessary

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to expose our national industry to international competitiveness, forget that structural adjustments represent difficulties to the equilibrium of our foreign accounts, and hastily declare that the federal administration is protectionist and often resorts to instruments that are typical of the obsolete "replacement of imports" system.

First of all, it must be made clear that Brazil — or the Brazilian Government — is not interested in going back in its process of trade deregulation and regional economic integration, which is being consolidated as a clear decision made by Brazilian society. This process has been contributing to the country's economic development, to its competitive admittance into the international economy and, we must not forget, to the stabilization of our own economy. To choose another path would endanger the basic objectives of the Real Plan, create ineffectiveness in certain areas of domestic production, and subject the country to bilateral or multilateral complaints and disputes. At best, this would underrate the diplomatic achievements Brazil has made in the last few years and. At worst, this would result in a legal demand for compensations for trade losses inflicted on our partners, or in the implementation of retaliatory measures such as suspension or withdrawal of identical concessions.

Undue protection is harmful in all ways. Conditional protection, the implementation of remedies against unfair trade practices (forbidden subsidies and dumping [preceding word in English]), and the use of emergency measures in order to counteract damage resulting from a sudden and substantial increase in importing of certain specific products, are legitimate actions supported by the agreements signed in Marrakesh. More importantly, these are required in a transition stage similar to the one being experienced by the Brazilian economy.

As a matter of fact, whenever the administration detects predatory competition in a specific area, it adopts the appropriate steps in order to reestablish normal market conditions. If the administration did not do so, it would not only be promoting the dismantling of the productive areas, but also make impossible a sustainable policy of competitive opening. While implementing the commitments made in the Uruguay Round, which have been requiring great and special efforts in order to honor signed pacts, countries such as Brazil have been trying to show their trade partners that a sustained success of the economic opening depends: 1) on a firm attitude toward those who violate the rules of the game in order to enter our market; 2) on obeying the schedule for tariff reduction that has been negotiated within the Uruguay Round; and, 3) on restraining from presenting proposals aimed at swamping the WTO agenda, thus creating undesirable tensions for the multilateral trade system and introducing new obligations, still more onerous for the developing countries.

It is also necessary to conduct a strict evaluation of each case and situation calling for temporary protection, in accordance with accepted multilateral provisions. Simple procedural mistakes in the implementation of surtaxes or quantitative restrictions can result in mandatory recommendations for rescinding imposed measures, even if it is proven that there have been punishable practices and that they are related to losses inflicted.

From the point of view of a country such as Brazil, that can be still more competitive and equipped to enjoy the benefits obtained in the Uruguay Round, it is essential to count on strict and stable multilateral rules and disciplinary methods capable of protecting small and medium economies against abuses contemplated in national and trade laws, as well as against unilateral and discriminatory actions. It is also necessary — and this is an absolute priority — to have an effective national system to fight unfair trade practices. This is a challenge not only for the administration but also for businesses.

Regarding the WTO and the legitimate defense of competitiveness and trade interests, these are not contradictory and should, as a matter of fact, support each other. Itamaraty [Brazilian Foreign Ministry] emphatically defends a competitive opening of the Brazilian economy — in opposition to an indiscriminate and irresponsible opening — because it is aware of the importance of this opening to Brazilian development, as well as to its more thorough integration into the region and the world. The Foreign Ministry has been doing its best to use and preserve the diplomatic capital the country has achieved. It has also been insisting that specific measures seeking to improve the competitive opening policy cannot and should not be understood as a sign that the country is experimenting with an undesirable backward movement. Let us, therefore, dot the i's and cross the t's.

Brazil: Editorial Stresses Need for Administrative Reform

PY2507034696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Jul 96 p 10

[Editorial: "A Case of Urgency"]

[FBIS Translated Text] The approval of the administrative reform by Congress is a case of survival for several states. If the labor stability is not eliminated and the current retirement criteria is not modified, some of the largest states will not have enough funds to balance their accounts by the end of the year.

The execution of the Treasury budget has shown that personnel expenditures and domestic and foreign debt

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service are the determining factors generating losses in the federal budget. The situation of the states is worse in both cases, making the administrative reform unpostponable.

The state finance secretaries who will today meet in Brasilia — want to increase the pressure on Congress to give priority treatment to the administrative reform. The state administrations are in a hurry to redesign the profile of the mass of public employees. The finance secretaries insist on the fact that, without eliminating labor stability, little can be done in the field of expenditure cuts to improve the efficiency of the public apparatus. The evil effect of the public employees special retirement system, which grants an automatic 20-percent pension raise over the last salary earned while on active duty, can be seen in the federal finances, for example.

Most of the states allocate more than 70 percent of their income to payment of personnel. Some governors complain that their payroll consumes more than 85 percent of their income and that they have nothing left to invest in for the benefit of the population. The Constitution does not allow state governments to spend more than 60 percent of their income on personnel.

Congress must therefore adjust personnel expenditures in relation to income. Given that the Constitution also forbids tax increases during the same fiscal year they are approved, and since society repudiates the creation of new taxes — even if they are temporary, such as the CPMF [Provisional Contribution on Financial Operations] — the solution is to cut expenditures so as to make the administration lighter and more efficient.

Some governors have already taken the essential step of reducing the government apparatus, of privatizing loss-generating public companies under indirect state control, of stabilizing expenditure sources that do not yield social or economic returns, and of using the money raised through the privatization of inefficient and profitless public companies to reduce part of their heavy domestic and foreign debt burdens. Once the administrative reform is approved, it will be easier to implement adjustments to the Brazilian public sector, whose critical points are the states and municipalities.

Brazil: Daily Urges Government To Fight Money Laundering

PY2407224496 Rio de Janeiro JORNAL DO BRASIL in Portuguese 23 Jul 96 p 8

[Editorial: "Laundering Money"]

[FBIS Translated Text] The phenomenon of narcodollars worries the governments of drug consumer countries more and more. The phenomenon must be placed in a very well isolated niche and differentiated from other problems that involve the circulation of the so-called hot money [preceding two words in English] of dubious origin. This problem is different. That type of hot money derives from crimes that are clearly linked with organized mafia activities. The money goes through production, trade, and distribution chains. Another source comes from financial institutions and individuals who work with privileged information and who try to cut corners [preceding word in English] or obtain profits by manipulating the market.

Brazil is still unable to distinguish between speculation and manipulation. Speculators are welcome to open markets because they take risks and bring liquidity to transactions. Manipulators are undesirable because they seek to destroy markets to gain a monopolistic control.

Justice Minister Nelson Jobim is attempting to create a council to monitor financial activities and prevent money laundering — a common activity in other parts of the world — from increasing in Brazil. Paradoxical as it seems, stability is making the Brazilian currency, the real, more attractive because it eliminates the risks and specific problems associated with high inflation rates and great volatility of the interest and exchange rates.

Money laundering is dangerous, not just because it involves mainly domestic criminals, but because it involves international criminals who move astronomic sums of money obtained from drug trafficking and other illegal activities. Furthermore, it borders on the relatively gray line of speculation that goes beyond the tolerable limits set by stock exchanges and open markets.

The Justice Ministry must, therefore, exercise extreme care in venturing into the intricate maze of money laundering and (or) of international manipulators. To deter manipulators, the Brazilian financial system must have a strong self-regulatory system, which should complement legal oversight functions exercised by the CVM [Securities and Exchange Commission] and by Central Bank monitoring departments. It would also be useful if the system kept files on individuals convicted in other markets. It has not been uncommon for Brazil to welcome mega-speculators who had inflicted losses on foreign stock exchanges and markets. These cases did not stem from a sense of forgiveness, but rather from a lack of integrity.

To address the money laundering issue, Brazil must have a high technical level of performance and competence. It should also consider the participation of private representatives in areas requiring technical decisions.

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Brazil cannot be naive in dealing with the narcodollar issue because money becomes dirty where large amounts are available; that is, on the European and U.S. markets. Money becomes dirty when consumers pay for drugs. This is the added value that generates large amounts of narcodollars. The first link, the first stage of the laundering process is not then a South American, African, or Asian country, but it lies in the banks or financial institutions based in rich consumer countries and markets, which open their coffers or let the money leave their country.

What is needed under these circumstances is a more effective, and open communications system among countries and clearing houses, provided the laws that guarantee bank secrecy rules and (or) practices like that of omnibus accounts [preceding two words in English] on international markets are respected. In terms of mutual funds and bank secrecy, there are legal oversight methods that do not use the pretext of looking for narcodollars to create a new doctrine of international interference.

Memoranda of Understanding (MOU) signed by stock exchanges may contribute to — as the name indicates — improve communications among self-regulatory bodies. Incidentally, the stronger economies must no longer take advantage of circumstances to undermine the liquidity of emerging markets. Should they do this, they would force emerging markets into stagnation and condemn democratic capitalism to death by starvation. There are strategic interests at stake in Brazil. The Justice Ministry cannot just ignore them.

Brazil: Cellular Phone Tender Attracts World Enterprises

PY2407224196 Sao Paulo VEJA in Portuguese 24 Jul 96 p 120

[FBIS Translated Text] The tender for B-band cellular phone services is attracting many national and foreign enterprises. Banks, newspapers, television stations, contractors, and telephone companies are all interested. By the end of last week, 19 consortia had expressed their desire to participate in the tender. Not all of them can join the race. Some, like the one headed by Itamarati Bank — whose partners include the Silvio Santos and Splice groups — have withdrawn for reasons that have nothing to do with the telecommunication privatization process. Two weeks ago, Itamarati Bank merged with BCN [National Credit Bank]. This will certainly not be the only change. AT&T President in Brazil Omar Carneiro da Cunha said: "Nobody will be surprised if new groups appear." His enterprise will participate in partnership with BRADESCO [Brazilian Discount Bank] and Globo. Bell Canada, the largest Canadian phone operator, is already looking for Brazilian partners. The consortia that have already been formed expect groups from Hong Kong and Singapore will join the race. "It will be a difficult contest," says Roberto Peon, president of Bellsouth for Latin America, an empire with sales in the United States of almost $5 billion in 1996.

The contenders consider the consortium formed by Bellsouth, Safra Bank, RBS [Brazil South Communications Network], and the O ESTADO DE SAO PAULO newspaper, is one of the strongest — especially because of the old partnership between Bellsouth and Safra Bank. They have jointly operated cellular phone services for eight years, and have installed a system in Israel with capacity for 2 million lines. The power of the group that comprises Unibanco, Odebrecht, Air Touch, and FOLHA DE SAO PAULO lies in the financial structuring capacity of the bank owned by the Moreira Salles family, and in the experience of the Bahia enterprise Odebrecht in winning public tenders, experience that increased during the government of former President Fernando Collor. Moreover, Air Touch is the largest cellular phone operator in the United States. The consortium that comprises AG Telecom (of Andrade Gutierrez enterprise), the Monteiro Aranha group, Southwestern Bell, and GE Capital — both of which are from the United States — is experienced in public tenders and projects. It has good financial capacity, especially since GE Capital joined. GE Capital is the financial arm of General Electric, the world's seventh-largest enterprise, with $70 billion sales. Contenders consider the group that comprises AT&T, Globo, and BRADESCO to be good, yet some feel BRADESCO lacks experience in the financing of this type of undertaking, while Globo is not used to participating in tenders. The group's major asset is the presence of AT&T, one of the world's largest telephone operators: It is the world's fifth largest enterprise, with $79.6 billion sales. The law states that consortia should include foreign groups to ensure experienced groups are running the cellular phone services. Since the Brazilian phone system is managed by state-run companies, the partnerships were arranged abroad.

Brazil: Cellular Phone Tenders Start Price Competition

PY2407190396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jul 96 Section 2 p 12

[Report by Elvira Lobato]

[FBIS Translated Text] The most spectacular price competition — between cellular phone equipment manufacturers — ever seen in Brazil has started.

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The competition is the result of the reopening of public tenders by state-run telephone companies, which want to expand their cellular phone networks.

The intensity of the competition has surprised the market. Minas Gerais' Telemig opened a tender for rendering services to 180,000 subscribers in rural areas, establishing a maximum price of 650 reals [R] for each individual subscriber's equipment.

Nortel (Canada's Northern Telecom), which currently supplies equipment to Telemig, submitted the winning offer with a price 40 percent below the ceiling.

This price reduction showed that international manufacturers are ready for a neck-and-neck competition on the Brazilian market.

The same thing happened in the interior of Sao Paulo, in two tenders sponsored by Telesp [Sao Paulo Telecommunications]: one for Jundiai county and the other one for Sorocaba. Both tenders aimed at serving 80,000 subscribers.

In both tenders, Telesp established a top price of R1,200 for each subscriber's equipment.

In Jundiai and Sorocaba, the existing cellular system was supplied by NEC do Brasil, which won the first tender in 1992.

The result of the tender in Jundiai frightened NEC. The U.S. firm Motorola and the Swedish firm Ericsson offered prices approximately 25 percent below the reference price proposed by Telesp.

The result of the tender has not yet been made official, but Motorola has already stated that it will resort to the courts if Telesp chooses Ericsson as the winner.

Surprised at the dispute in Minas Gerais and Jundiai, NEC decided to make just about any sacrifice for the tender in Sorocaba. NEC won the tender with a price of R713.00 per each subscriber's equipment, that is, 40.5 percent below the ceiling established by Telesp.

"We are against this irrational price war, but we decided to show that we are ready for it," NEC do Brasil President Gilberto Garbi has said.

The atmosphere of confrontation between suppliers will heat up: Telesp is sponsoring a tender for rendering services to 460,000 new subscribers in Greater Sao Paulo.

Rio de Janeiro's Telerj [Rio de Janeiro Telecommunications] has opened a tender to render services to 110,000 subscribers in the interior of the state, while Parana's Telepar will also expand its services to 300,000 subscribers in rural areas.

Chile

Chile: Pinochet Says U.S. Envoy 'Absolutely' Wrong

PY2407231696 Santiago EL MERCURIO in Spanish 24 Jul 96 pp A1, A11

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza said yesterday the incident created by comments by U.S. Ambassador Gabriel Guerra Mondragon that the Chilean military power is not totally subordinated to the civilian power became a closed issue after the ambassador retracted his statements. [passage omitted]

Army Commander General Augusto Pinochet said yesterday in Antofagasta that Ambassador Guerra Mondragon was absolutely "wrong" when he said that his government believes the Chilean civilian power has no control over the military power.

General Pinochet, who is visiting the 1st Army Division, made a brief comment to the media after meeting with the corps of generals of that military post. Pinochet said the information given by the U.S. diplomat was wrong because it referred to another country.

He added: "I have just been told that the ambassador retracted everything he said."

Asked if the Chilean Armed Forces are subordinated to the civilian power, Pinochet reiterated: "There is a report indicating that the U.S. Embassy apparently made a mistake in the terms used, because it (the argument) was (prepared) for another area. Don't ask me any more questions because there is nothing else to say."

Chile: New Tariff Reduction Plan Proposed To Peru

PY2407190596 Santiago EL MERCURIO in Spanish 21 Jul 96 pp A1, A19

[FBIS Translated Excerpt] Chile has proposed to Peru a new plan for tariff reduction by which Peru would accept a reduction in the list of products that will be excluded from the trade opening. Studies are also being made about the possibility to establish an agreement for eliminating list of exceptions in the future.

Another issue that will be very difficult to resolve is the Peruvian rejection of the system of simplified refund on exports that is implemented in Chile. The Chilean negotiators emphatically said that this point is nonnegotiable and that what Peru could receive is the benefit obtained in the agreement with the Common Market of the South, Mercosur.

The bilateral negotiations, that were interrupted in November 1995, were resumed this week in Lima. Carlos Mladinic, international economic relations director

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of the Chilean Foreign Ministry, talked with this daily about some of the problems that need to be solved, and the proposals, and mechanisms being evaluated for this purpose.

Mladinic labeled the talks held in Lima as "good," because a suspended negotiation was resumed, and some new procedures were established, which he believes will help "to move faster in the next round of negotiations."

The new mechanisms include the establishment of a tariff reduction plan different from the one originally proposed, which is aimed at reducing the number of products that Peru included in its list of exemptions.

This understanding will lead the two parties to a new exchange of lists on 29 August and to schedule a second meeting in Santiago in September to continue the negotiations. [passage omitted]

Colombia

Colombia: Foreign Minister Views Talks With U.S. Officials

PA2507021496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 25 Jul 96

[From the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Excerpt] A source close to U.S. President Bill Clinton has told this newscast that the U.S. Government does not regard the change of the Colombian foreign minister as equivalent to saying: Let's start over with a clean slate.

Maria Emma Mejia, the new foreign minister, began three days of talks in Washington today with high level officials of the U.S. State Department, the White House, and other agencies. After meeting with Ambassador Gelbard and the White House chief of security, Mejia appeared to be optimistic but cautious regarding the results of her visit:

[Begin Mejia recording] There is still a difficult situation that is evident, and I will not deny it. Nevertheless, my visit does not necessarily imply that we expect immediate results, but the two countries will try to work together to improve our relations and to defeat common enemies, drug trafficking, and narco-terrorism. [end recording]

After the minister's meetings with White House and State Department officials, this station spoke to sources at both organizations. All said they are satisfied with meeting the new foreign minister. The sources said, however, it was naive to think the new minister's appointment was equivalent to starting all over again in the deteriorated, bilateral relations. [passage omitted]

Colombia: Samper Announces Creation of 'War Tax'

PA2407201796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television; passages within quotation marks are recorded]

[FBIS Translated Text] President Samper has just announced that Colombians with assets totaling more than 88 million pesos will have to pay the war tax. For the government, this tax is an inevitable need.

The government hopes to collect 500 billion pesos from this new tax. The money will be earmarked, according to President Samper, for defense spending and for improving the standards of living of soldiers.

[Samper] "We understand that no citizen likes to pay taxes. But we also understand that no citizen likes insecurity, that no citizen likes to see his borders unprotected."

Approximately 370,000 individuals, whose assets exceed 88 billion pesos, will have to pay 0.5 percent on this new tax.

[General Manuel Jose Bonet, inspector general of the Military Forces] "With an improvement in the standards of living of our men, there will surely be an improvement in the combat morale and better results."

[General Ramon Eduardo Niebles, joint chiefs of staff commander] "It is really necessary to modernize equipment, which will allow the Public Force to increase the security service it is providing to the country."

This will be a one-time tax payment to be made next year, at the time the tax returns for 1996 is filed. According to President Samper, this is not a war tax but rather a citizens' security contribution.

This new tax has sparked reaction. Economic groups had already expressed their opposition to this tax, but let us see what they say now, when the payment form became known. We now go live to the meeting of the National Business Council [CGN] with Diego Suarez. Good afternoon, Diego. How do businessmen receive the tax?

[Suarez] Good afternoon. Some business organizations have expressed their dissatisfaction with this tax President Ernesto Samper Pizano has just announced. Let us see.

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[Alberto Vasquez, president of the Colombian Construction Board] "No relationship between the contributions from the private sectors and the results in maintaining public order has been demonstrated."

[Sabas Pretelt, president of the National Federation of Businessmen, Fenalco] "It is unfortunate to increase taxes every six months in Colombia. This generates juridical insecurity. In addition, imposing taxes in the amount of 500 billion pesos on a country that is in a recession or on the verge of entering an economic recession is wrong."

[Suarez] In the next few hours, the CGN will deliver a letter to President Ernesto Samper asking him to create a commission to oversee military spending. They asked that this be done to assess the effectiveness of the Armed Forces. This is all I have to report from the Fenalco headquarters.

Colombia: 'Severe Austerity Program' Announced For 1997

PA2407183996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 Jul 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [Unidentified reporter] The national government just announced a severe fiscal adjustment amounting to nearly 2 billion pesos for fiscal year 1997. The announcement was made by the finance minister.

The adjustment anticipates the sale of Carbocol [Colombian Coal, Inc.] for 742 billion pesos, austerity regarding government spending, and legislative reforms on participation and transfers.

At the same time, the finance minister warned that wages in the public sector will increase by approximately 13 percent. In addition, other measures will be adopted that will most likely affect wages in the public sector.

Caracol now contacts Roberto Chamucero, vice president of National Federation of Workers at the Service of the State [Fenaltrase].

Mr. Chamucero, we would like to know your opinion with respect to the government's decision. First, we would like to invite you to listen to this report prepared to by Jairo Corredor on the announcements made by Finance Minister Jose Antonio Ocampo Gaviria, together with director of the National Department of Planning [DNP], following the meeting by the National Council of Economic and Social Policy that approved this severe fiscal adjustment.

[Begin recording] [Corredor] The year 1997 will be remembered as one of the harshest years as relates to fiscal issues. Several adjustments will be incorporated to the national budget in order to prevent the fiscal deficit from increasing. These new adjustments will prompt wage earners to implement belt-tightening measures, particularly those workers from the public sector with the austerity program which Finance Minister Jose Antonio Ocampo summarizes at this time.

[Ocampo] [Words indistinct] raise 2 billion pesos including the privatization of Carbocol to add to government revenues, cutbacks totaling almost 1.2 billion pesos, including the reallocation of funds such as the ones earmarked for the [word indistinct] law, and the social security law, a partial reallocation of revenues, a moderate wage adjustment for public workers, and a cutback of 287 million pesos in public investments.

[Corredor] As part of the above package, public workers will receive a wage increase, 13 percent at the most, which is below the inflation rate. We asked Ocampo why such a small percent.

[Ocampo] Because public finances, unfortunately, cannot afford a bigger raise. As a public official, I am the first person hurt by this kind of decision, as are the rest of us who have made the difficult decision to authorize such a low wage increase.

[Corredor] The program will also include a hiring freeze and the government payroll may be streamlined as a result of the selling or fusion of public entities slated for 1997. [end recording]

[Reporter] The government's announcements are clear. The 1997 belt tightening program will included a 13 percent wage increase for the public sector, a hiring freeze, and the fusion or selling of some of the public enterprises. What is the outlook for Colombian workers? We ask Fenaltrase Vice President Roberto Chamucero. Mr. Chamucero?

[Chamucero] The adjustment measures announced yesterday by the government will amount to almost 2 billion pesos. It will be the most severe austerity program that Colombia has experienced in 10 years. It is aimed at preventing a bigger fiscal deficit and limiting it next year to 0.25 percent of GDP. The government is, for example, gearing up to privatize Carbocol. It will represent government revenues totaling almost 700 billion pesos. There will be cutbacks in the so-called personal services, that is, pay for public officials totaling 379 billion pesos. There will be adjustments as well to the solidarity, health, and pensions funds that will mean a savings to the national budget of more than 350 billion

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pesos. There will be a moratorium on raising the municipal share of [word indistinct] revenues. This measure will produce a savings of 95 billion pesos. The labor unions have already voiced their concern over these announcements, which predict dark days and are worrisome to all workers, and recent statistics by the DANE [National Administrative Department of Statistics] have revealed that the unemployment rate is rising significantly. According to official statements by the labor unions, the unemployment rate is actually higher than what the DANE figures suggest.

Colombia: Business Heads React To Fiscal Adjustment Plan

PA2507034196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Jul 96

[Report by Fanny Stella Pallares from the "24 Hours" newscast; monitored from a live relay by Lima Sistema Unido de Retransmision — passages within quotation marks are recorded]

[FBIS Translated Text] The fiscal adjustment plan the government announced on 23 July has triggered reactions ranging from rejection to support, because the working class will make the most sacrifices, according to the sources.

[Pallares] For economic authorities, the fiscal tightening is inevitable; otherwise, public spending will be unmanageable in the future:

[Maria Mercedes Cuellar, of the Bank of the Republic (Banrepublica)] "Streamlining public spending was necessary. The deficit that had already been planned [words indistinct] some adjustment for next year was already starting to become unmanageable.

[Roberto Junquito, of Banrepublica] "This shows the intention of making an adjustment of the right magnitude; it cannot be lower than that."

[Pallares] Economic analysts have insisted that the measure is hard yet necessary and have recommended additional constitutional reforms:

[Former Finance Minister Guillermo Perry] "We have to make certain legal reforms, as the Commission for Budget Streamlining [Comision de Racionalizacion de Gastos] has proposed. We even have to make constitutional reforms.

[Gabriel Rosas, of the Public Spending Commission] "It is not enough. We have to do a great deal more, because the problem is structural in nature. We have to go to the source of it."

[Pallares] While business associations have shown some reservations, some special organizations have supported the government's decision:

[Business leader Sabas Pretelt de la Vega] "Starting to hold a debate on salary adjustments for the public sector by announcing a 13 percent adjustment starting on July 1995 seems unproductive to me.

[Mauricio Cardenas, president of the Foundation for Higher Education and Development] "If it is not adopted, the country could face a very complex situation next year."

Colombia: Defense Minister Views Situation in Guaviare

PA2407163796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jul 96

[Telephone interview with Defense Minister Juan Carlos Esguerra Portocarrero by Dario Arizmendi, Judith Sarmiento, and other unidentified reporters in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Good morning, Mr. Defense Minister Juan Carlos Esguerra Portocarrero.

[Esguerra] Good morning, Dario, how are you?

[Arizmendi] What are the latest reports on events in Guaviare, Mr. Minister?

[Esguerra] The latest reports we have received are varied. On one side, the situation in El Retorno, Calamar, La Libertad, and San Jose del Guaviare is returning to calm. Demonstrations and acts of violence to protest the government measures regarding the war on drug trafficking have been dwindling also. They are dispersing. We still have a rather complicated situation in Miraflores Municipality, where there is a large crowd that has been pressured from the farms by the administrators and middlemen in this coca business. We are trying to see how we resolve that situation, and to get people to return to their homes.

[Arizmendi] Approximately how many people are still in Miraflores?

[Esguerra] My figures are so disparate that I dare not make give a specific figure. I do know we are talking about several thousands.

[Arizmendi] Several thousands. Approximately, 5,000, 8,000, 10,000 persons?

[Esguerra] The figures I have heard go from 4,000 to 15,000. Anything one could say may be true or mere speculation.

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[Arizmendi] Is the airport still blocked?

[Esguerra] The airport remains partially blocked. It has been possible to make very few flights, because the truth is that the situation is pretty complex. At any rate, the police are there, so that things take place in a tranquil and peaceful manner.

[Arizmendi] Is the interior minister or any delegation planning to go there to cope with this situation, mostly in Miraflores?

[Esguerra] The government is holding top level talks to decide what is most advisable. We are going to be studying what must be done. That is a possibility that cannot be ruled out. We shall see.

[Arizmendi] Are some of your close aides not telling you the whole truth of what is happening there? We ask you because the day before yesterday you categorically stated nobody had been wounded by firearms. Yesterday, you said that you felt this could have happened.

[Esguerra] What happened yesterday is this. It is not that my aides are no telling the truth or anything of the sort. What happened is that based on official reports we had obtained, chiefly medical reports and official military reports, we had drawn the clear conclusion and had clear reports that nobody had been wounded by firearms. The reports stated that no shots had been fired during the demonstrations, except for blank shots that may have been fired in the air to simply keep the demonstration from growing. Later on yesterday, we received some indications, merely indications, that could lead to the conclusion that the statements made the previous evening by top military commanders and by me might have been wrong. Out of devotion to truthfulness and intellectual honesty, I felt it my duty to report this to the news media, as I did yesterday afternoon.

Just as we respectfully ask you to correct reports that are inaccurate or wrong or views that do not adhere to the facts, I believe that in similar cases our duty is to make the corrections when we receive evidence or indications that something we said may have been incorrect.

[Sarmiento] Why were soldiers without much training sent to that zone, as their relatives charged?

[Esguerra] This is what happened. For the purpose of avoiding confrontations that may become very complicated and difficult, it was necessary to send companies of military police and available National Police units.

In other words Army and Police members who are trained and prepared especially for those police duties. They are different from members of counterinsurgency battalions and mobile brigades that have soldiers prepared for war, for combat. They are solely armed with a rifle and the only thing they know to do is use a rifle.

Their goal is to disperse these demonstrations and to prevent a useless confrontation if the demonstration turned violent, and in fact the demonstrators turned violent. It was more advisable for policemen to assume control and not combat troops. This is why some amateur soldiers were deployed to the zone. They are members of those military police companies.

[Reporter] Mr. Minister, it is evident that a war tax, as a contribution the government wants Colombian taxpayers to make to finance the strengthening of military forces, will now be unavoidable. Who will pay this war tax and how?

[Esguerra] The Finance Ministry still has to define a number of details in relation to this issue. It is clear, however, that this contribution, regardless of what form it will take, will be paid only by the richest Colombians. What must still be determined, and this will be announced by the president, is whether this will be a one-time tax or an extraordinary tax within the state of internal disturbance.

[Reporter] Has the possibility of increasing the VAT [value-added tax] been ruled out?

[Esguerra] Of course, we ruled out using VAT as a reference to establish this tax.

[Reporter] What is the Defense Ministry's opinion regarding the criticism by production associations and other sectors that the armed forces are perhaps not acting with the efficiency warranted by the funds assigned to them on the national budget. They are not talking about right now, but for some time now. The people want more actions, more results.

[Esguerra] People are entitled to demand more actions and results, but they must obviously understand that in order to do that more resources and larger investments are needed, and we are demanding this. Criticism of the past days, specifically criticism by the associations yesterday, are based, they claim, on the fact that they do not know what was the final destination of the funds collected through the famous war tax collected a couple of year ago.

The truth is, and the associations are right in this sense, that the truth is that only part of that tax was given to the public force. The rest never arrived, but we, of course, cannot be held accountable for this, because this occurred more than two years ago.

[Reporter] Who will guarantee that on this occasion the new funds will not be lost along the way, Mr. Minister?

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[Esguerra] The idea is to earmark all resources to the public, and that all resources be used for investment and not for operations. As soon as we receive such resources, I will guarantee to the citizens, the country, and the government that the appropriate investments will be made. There are, however, control mechanisms to ensure this. At a given time a sort of citizen oversight commission had been discussed and proposed to guarantee this. I do not oppose such a commission.

[Reporter] And how much money do you hope to collect with this war tax, Minister?

[Esguerra] According to estimates based on our imperious needs in the short run, about 700 billion pesos. Everything seems to indicate, however, that we will not be able to collect that amount due to various reasons. A more realistic figure is about 500 billion pesos. This would have to be established when the time comes.

[Reporter] What specific use will these 500 billion pesos have, Minister?

[Esguerra] To repair a number of equipment, particularly equipment of the Air Force that need to be repaired, and that have been out of service for some time due to a lack of resources to maintain them. We want to purchase communications equipment to improve and modernize public force communications systems. The truth is that we are quite behind in relation to our needs and the current situation. We want to buy weapons and a few boats for the National Navy to carry out counterinsurgency actions along rivers in various places of the country.

You must have seen what we are doing in Guaviare, for instance; and what must be done later in Vaupes, Caqueta, and Putumayo. These operations — not to mention counterguerrilla operations in the Magdalena River, where we have been harassed recently — require the presence of the National Navy with proper boats. These are just a few of the uses that will be given to these resources.

[Arizmendi] Mr. Minister, you stated that you are not opposed to the creation of an Oversight Commission to supervise the use of these resources. Could a Citizens' Oversight Commission be created with representatives of the business associations, production organizations that will be affected by this war tax?

[Esguerra] I repeat that this is a possibility that I don't discard and which I personally [words indistinct]. When one is going to do things right, one should not pay attention to the fact someone may verify things are being done right. Therefore, I believe this may be convenient. It would have to be considered when the time comes, and then see who must form that commission. This is something proposed at a particular time, at meetings we held with representatives from some associations, to whom I said the exact thing I am saying now.

[Reporter] On a different issue, Mr. Defense Minister, those indicted with the death of Italian citizen (Jack Cumuturra) have been acquitted. What can we tell his relatives and the Italian Government, which is asking that those responsible be punished?

[Esguerra] We must tell them that one must believe in justice, one must believe in the justice administration systems. In this case, all justice proceedings have been carefully and completely fulfilled. Authorities have not refused to conduct investigations. They have spared no effort to clarify the truth. In cases such as this one, the bottom line is that the truth can be determined.

[Arizmendi] Finally, Mr. Minister, users of the Medellin-Bogota Highway and the Medellin-Atlantic Coast Highway have expressed a concern. On the Medellin-Bogota Highway, in Cocorna, and on the Medellin-Atlantic Coast Highway, in Puerto Valdivia, Taraza, the guerrillas have set up road blocks; they have robbed and kidnapped passers-by nearly every day, or at least every week. Why don't authorities plane a comprehensive operation with 1,000, 2,000, 3,000 men to try to isolate or wipe out these outbreaks of subversion? These attacks are adversely affecting the national economy and have significantly reduced traffic on two of the main highways of the country. This situation is not now. It has taken place for some time now, but it continues.

The number of troops is very low. There are no policemen or traffic policemen to try to settle disputes, which emerge daily due to the mountainous nature of this area. There are not enough troops to counter the actions of guerrillas.

[Esguerra] You are right, Dario. This is one of the problems we have in that part of the country. We have devoted a significant amount of time to this problem at the Security Councils in the city of Medellin, with the participation of the governor and regional and local authorities. We have seen how different types of operations and activities can be developed, so as to avoid those actions from guerrillas, who have engaged in robbery, kidnapping and theft on the aforementioned roads. They are protected by very rough mountains and complicated weather conditions. You know this more than I because this is your homeland. These conditions prevent, for most of the time, the use of resources such as helicopters, for instance, which are ideal to counter these types of tasks.

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We are determined to increase our strength. We are going to assign some of the new police officers, who will graduate in the coming months, to these areas. The number of officers who will soon graduate is still low. We will also deploy some Army troops to this area, but the truth is that we are using practically all our resources. We don't have the reserve troops we would like to have and we would like to deploy [words indistinct] to that part of the country.

But I repeat, we are working on this matter. I believe that the situation in the last month is better than the situation two, three, or four months ago. Therefore, we are on the right track but still have a long way to go before we reach the end. But I assure you that we are very concerned with this and are working to resolve this problem.

[Sarmiento] Thank you very much, Mr. Minister. Defense Minister Juan Carlos Esguerra has discussed several issues. He confirmed the president will announce today the war tax. He will make this announcement at a ceremony marking National Navy day, which is today.

Colombia: People Said Wounded in Army-Peasant Standoff

PA2507034296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Jul 96

[From the "24 Hours" newscast; monitored from a live relay by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] Defense Minister Juan Carlos Esguerra confirmed tonight that people were indeed wounded by firearms during the confrontation between the Army and peasants in (El Retorno), Guaviare Department. Esguerra also referred to the weapons situation between Venezuela and Colombians:

[Begin Esguerra recording] Possibly two of the wounded—we are unaware of more cases—could have been wounded by firearms. Whose firearms? We do not know, but we are trying to find out. It is perfectly likely, however, that it could have been a firearm from the enemy, a firearm from the rebel forces. [end recording]

The defense minister also confirmed there is gunrunning from Venezuela:

[Begin Esguerra recording] I remember that I personally sent a report, at the request of the then Venezuelan defense minister himself, listing the serial numbers and precise identifications of the weapons of the Venezuelan military forces we had seized from the guerrillas on several occasions and in several confrontations. [end recording]

Colombia: Traffickers Seeking Anti-Extradition 'Alliance'

PA2507133996 Santa Fe de Bogota EL TIEMPO in Spanish 23 Jul 96

[Received via Internet]

[FBIS Translated Text] According to a police intelligence report, the kingpins of the Cali and Norte del Valle cartels are seeking an alliance to confront the probable reactivation of extradition.

Because of the growing extradition threat that looms over the mafia kingpins, the maximum security pavilion of La Picota prison became an unusual meeting point for notorious drug traffickers' legal representatives, according to an intelligence report of the National Police and prison authorities prepared between 5 and 12 July.

The report states: The imprisoned drug traffickers are so desperate and fearful over the possibility of extradition being reinstated, that Luis Enrique Ramirez, a.k.a. Miki, kingpin of the Costa Cartel, is considering the possibility of following in the steps of the deceased Cali Cartel boss Jose Santacruz Londono, who escaped La Picota on 11 January.

The police report states: "We have learned that reported drug trafficker Luis Enrique Ramirez Murillo, who was recently sent to La Picota prison's maximum security pavilion, plans to escape soon and that he has prepared a large sum of money for this purpose."

The report continues to say that the lawyers of Miguel and Gilberto Rodriguez Orejuela have made an unusually high number of visits to their clients since 5 July.

The investigators think that several Cali cartel bosses are interested in a rapprochement with the Norte del Valle cartel bosses to take advantage of the submission to justice policy, and move ahead of a probable constitutional reform that reinstates extradition.

"The increased number of visits of the Rodriguez brothers' lawyers could stem from the need to communicate with their organization's members to settle their disagreements with the Norte del Valle cartel and define quickly their legal position in light of the U.S. Government's pressure," the report said.

Extra Summit...

What could have triggered the lawyers' activity? On 4 July, one day before the great summit, Justice Minister Carlos Medellin said that extradition was an effective instrument to fight drug traffic, and announced that the government was willing to open a national debate on the possibility of reviving this legal instrument through a constitutional amendment.

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Forty-eight hours earlier, the Samper administration had opposed the possibility of extraditing nationals. Minister Medellin, however, paved the way to study the subject. "As Colombians and as a democratic country, we can even discuss whether it is good or not to reestablish extradition in Colombia. There cannot be taboo subjects. Extradition is indeed an effective mechanism to fight drug traffic," he said.

Medellin's surprise remarks occurred one week after U.S. Attorney General Janet Reno requested the extradition of brothers Gilberto and Miguel Rodriguez Orejuela, Helmer Herrera, alias Pacho, and Juan Carlos Ramirez Abadia, alias Chupeta.

Sources at La Picota prison coincided in saying that, since the United States requested the extradition of the four notorious drug traffickers, only one subject, extradition, is discussed at the maximum security pavilion.

The source said: "In the past 15 days, we have observed a long line of lawyers who come and go, debate whether or not extradition will be reactivated, and try to guess how soon a constitutional reform could be approved, and how soon their charges could be sentenced."

In addition, sources at the National Penitentiary and Prison Institute (Inpec) said: "It is true that the number of visits to the maximum security pavilion has increased, but all of them have been authorized by the Prosecutor General's Office.

Disinformation Campaign

According to police investigators, the Cali Cartel bosses are using the media to mount a disinformation campaign.

"Taking into account the U.S. Government's pressure, the cartel's bosses are using the media to report the abuses they say the U.S. Government and the National Police have been committing by raiding their families' homes," the report says.

According to a police officer, whose name is being withheld for safety reasons, "what upsets the drug traffickers the most is the fact that their economic infrastructure might be targeted. In addition, they increasingly feel the footsteps of a big animal, footsteps that can lead to a fate similar to that of Carlos Lehder."

The extradition issue has caused a great controversy in the country, which lead to discussions among constitutionalists, political leaders, and representatives of economic and judicial sectors. Those persons who favor handing over nationals to countries requesting them argue that extradition is the best instrument to fight drug traffic. Those who oppose extradition argue that Article [illegible] of the Constitution forbids it.

The government has asked a group of experts to study the possibility of presenting a legislative proposal to determine whether it is possible to reinstate extradition.

Colombia: Daily Urges Reforms To Fight Drug Traffic

96P20469A Santa Fe de Bogota EL ESPECTADOR in Spanish 22 Jul 96

[Editorial — received via Internet]

[FBIS Translated Text] The same day that the congressional session was opened and the president announced a package of reforms for both the Constitution and the current criminal laws, the extraditables reemerged with a communique in which they promised to exact vengence if extradition were reestablished as an instrument to fight the crimes which are the object of demands by foreign officials. It is obviously a reaction to the possibility that debate of this topic in the legislature that was installed yesterday could lead to a repeal of the ban contained in article 35 of the 1991 Constitution.

The magnitude of the crisis we have been experiencing for almost two years has led to reflection on, and exhaustive reexamination of, the legal tools we have for confronting drug trafficking, simply because the punishments are not in proportion to the seriousness of the crime. That is one consideration. The other is that the aforementioned ban, from article 35, was not the result of a sovereign decision by the Constitutional Congress, but was the result of pressure. And unfortunately, that norm allowed the criminal organizations to grow, increase their power, and to corrupt, more than before, certain sectors of our society, among them the political class.

Unfortunately, the necessity for making the legislative changes coincides with the U.S. Government's open intervention in our internal affairs, and it could be thought that the national clamor for the State to show greater rigor in meting out punishment was not what moved our legislators, or even the Colombian Government, but rather the brazenness of Mr. Frechette or the excessive demands by Ms. Reno.

But what is certain is that we will gain nothing if the planned reforms fail, or if they are carried out by half measures.

Neither the government nor the Congress can let themselves be intimidated by any threat. Colombia cannot have a Constitution and laws that criminals want for their convenience, nor refrain from having adequate and upright laws because criminals resolve to attack the president, the ministers, or the congressional members who propose and defend their respective bills. The

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state, its officials, and its armed forces cannot be weak or ineffective in the event that the kingpins revive narcoterrorism using hired killers.

If Colombia wants to oversome the difficult period of its political crisis and moral outrages, the attitude of its ruling class must change. It doesn't matter that, for electoral reasons, the U.S. Government doesn't recognize it. The entire world knows the dimension of our struggle, and what it has cost us in terms of lives and trauma.

To legislate with awareness of the country's urgent social needs and without losing sight of the dangerousness of the enemy we are facing is the right thing to do and is indispensible for the stability of the institutional order. To destroy this danger, which threatens Colombia's collective health and its position in the international community, is an obligation for us all: the government, the Congress, the business associations, the information media, educators, parents, etc.

Never before have Colombians been subjected to a trial as difficult, or as compelling, as that of saving ourselves from the tentacles of drug trafficking.

If we overcome it, our future is assured. If we are subordinate to that group, we will be lost. That is our dilemna.

Ecuador

Ecuador: Cuba's Castro Confirms Attendance at Inauguration

PY2407195796 Madrid EFE in Spanish 1818 GMT 24 Jul 96

[FBIS Translated Text] Quito, 24 Jul (EFE) — A total of eight chiefs of state, three vice presidents, the heir to the Spanish crown, an envoy from Pope John Paul II, and 22 ambassadors have confirmed their attendance at the Ecuadoran inauguration ceremony scheduled for 10 August.

The Prince of Asturias, Felipe de Borbon, is the only representative of a royal household who up to now has confirmed his attendance at the inauguration of populist Abdala Bucaram, who will succeed conservative Sixto Duran-Ballen.

Among the presidents who have confirmed their attendance are Julio Maria Sanguinetti (Uruguay); Gonzalo Sanchez de Lozada (Bolivia); Juan Carlos Wasmosy (Paraguay); Ernesto Perez Balladares (Panama); Fidel Castro (Cuba); Carlos Saul Menem (Argentina); Ernesto Samper (Colombia); and Eduardo Frei (Chile).

Edwin Jhonson, the Ecuadoran Foreign Ministry chief of protocol, has confirmed to the local radio station "Radio Quito" that the vice presidents of El Salvador, Brazil, and Guatemala; and the foreign ministers of Mexico, Venezuela and the Dominican Republic will also be attending the inauguration ceremony.

Moreover, it has also been confirmed that a papal envoy and 22 diplomats from countries of the Americas, Asia and Europe will also be attending the ceremony.

According to the Ecuadoran Constitution, President-elect Abdala Bucaram and Vice President-elect Rosalia Arte will govern Ecuador for the next four years as of 10 August.

Ecuador: Vice President-Elect To Visit Brazil

PY2407202596 Madrid EFE in Spanish 1826 GMT 24 Jul 96

[FBIS Translated Excerpt] Quito, 24 Jul (EFE) — Brazilian Ambassador to Peru Osmar Choffi confirmed today that Ecuadoran Vice President-elect Rosalia Arteaga will meet on 26 July with Brazilian Vice President Marco Maciel to discuss the peace process with Peru.

The Brazilian ambassador said that Arteaga — who like President-elect Abdala Bucaram will also assume her post on 10 August — will also meet in Brasilia with Brazilian Foreign Minister Sebastiao do Rego Barros. [passage omitted]

Although she has not confirmed visits to the other guarantor countries (Argentina, Chile and the United States), Arteaga told EFE she has not rejected the possibility of visiting them. [passage omitted]

Ecuador: New Deputies Take Office; Names Listed

96SM0447A Quito HOY in Spanish 16 Jul 96

[Received via Internet]

[FBIS Translated Text] On 17 July the Supreme Electoral Board (TSE) will administer the oath of office to the 12 national deputies whom the Ecuadoran people elected on 19 May.

The new deputies are: Heinz Moeller, Simon Bustamante, Marco Flores, and Enrique Ponce, from the Social Christian Party (PSC); Jacobo Bucaram, Marco Proano Maya, and Luis Villacreces, from the Ecuadoran Roldosist Party (PRE); Carlos Vallejo, from the Popular Democracy Party (DP); Raul Baca Carbo, from the Democratic Left Party (ID); Luis Macas, from the Pachakutik-New Country Movement; Fabian Alarcon, from the Alfarist Radical Front; and Gustavo Teran, from the Democratic People's Movement (MPD). On

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19 May they will assume their offices at a special ceremony which will be held in the Auditorium of Democracy of the Supreme Electoral Board.

Four Deputies Reelected

Heinz Moeller, Simon Bustamante, Raul Baca Carbo, and Carlos Vallejo are national deputies who were reelected and who will continue to serve in the National Congress for four more years. Moeller is the legislator who obtained the largest number of votes, estimated at more than one million on a nationwide basis.

Ecuador: Candidates for Congress President Listed

96SM0447B Quito HOY in Spanish 16 Jul 96

[Received via Internet]

[FBIS Translated Text] Negotiations continue over the election of the president of Congress. The most favored candidates are Carlos Vallejo of the Popular Democracy Party (DP) and Fabian Alarcon of the Alfarist Radical Front (FRA), although the Pachakutik New Country Movement insists that Luis Macas has not withdrawn his candidacy.

Carlos Vallejo stated that he is doing things in a straightforward way and that, up to now, he has talked with the Social Christian Party (PSC) and has requested an appointment with Abdala Bucaram, the president-elect of Ecuador.

Meanwhile, Fabian Alarcon, the other candidate with the most support and the current president of Congress, has remained cautious and says that in the next few days he will announce whether or not he will agree to be a candidate for reelection as president of Congress. Nevertheless, on 15 July Leonidas Plaza and German Pozo, the deputies elected from the Province of Cotopaxi, announced that they will support Alarcon's candidacy.

Leonidas Plaza stated that he and the other, elected deputy from the Province of Cotopaxi belong to the "New Independent Force" movement and that they have ended in a very cordial way their previous relationship with the APRE [Ecuadoran Revolutionary Popular Action].

Plaza stated that the New Independent Force movement is engaged in discussions with deputies from the Pachakutik New Country Movement. According to him, he will get 10 votes for Alarcon, not including the three votes for Alarcon expected to be cast by the Alfarist Radical Front.

At the same time, Carlos Vallejo continues to criticize the fact that presently existing political blocs are breaking up to win the presidency of Congress. He said that if this happens, Alarcon will be the winner. He said that he was concerned because, apparently, five deputies from his party will support Alarcon. However, he warned that he will continue to fight to win the presidency of Parliament.

Alarcon: 'We Have Not Taken Votes Away from Anyone'

Fabian Alarcon, the current president of Congress, has said: "We have not tried to make anyone leave his party. What each deputy may do is his own business, and we have no concern about this matter."

The legislator from the FRA is being very careful in discussing his possible reelection and says that in the next few days he will announce officially whether or not he will be a candidate. Nevertheless, he continues to state that, "many blocs of deputies support my candidacy."

When he was asked what these blocs are and how many votes they have, he said that it is not up to him to say and that, "out of consideration for others," the deputies and blocs who support him should answer this question.

Alarcon insisted that what is involved is not just participating in the election of president of Congress, or even winning, but rather of having a wide majority which would make it possible to develop a basic consensus.

Alarcon, the current president of Congress, did not deny that he is also making contacts to promote his reelection.

Ecuador: Encalada Mora Appointed Agriculture Minister

PY2407184496 Quito Voz de Los Andes in Spanish 1700 GMT 24 Jul 96

[FBIS Translated Excerpt] [Passage omitted] Outgoing Agriculture Minister Mariano Gonzalez stated that he has passed all necessary information to his successor, Hugo Encalada Mora, attorney-at-law, to help him manage the agriculture portfolio.

Paraguay

Paraguay: Wasmosy Confirms Current Economic Policy

PY2407181496 Asuncion ABC COLOR in Spanish 21 Jul 96 pp 12, 13

[FBIS Translated Excerpt] In a speech he delivered on 20 July to officially inaugurate [the annual Agricultural and Industrial Fair] Expo-96, President Juan Carlos

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Wasmosy confirmed his economic and government policies. In an undisguised allusion to [Colorado Party President] Luis Maria Argana, the head of state harshly criticized the proposals proffered by certain political leaders — whom he labeled as interventionists, populists, and statists — and accused their supporters of putting a spoke in the state reform's wheel.

The president asserted that his government program will be inexorably pursued, adding that he will pay no heed to interventionist, populist, and statist suggestions advocated by some prominent political figures.

Wasmosy charged the latter with obstructing substantive reforms, which are the only ones which can really transform and modernize the Paraguayan economy.

The chief executive contended that those who oppose his administration's economic policy seem to be unaware of the disastrous results brought about by the furtherance of populist and statist policies in most countries.

Wasmosy declared that if his administration were to espouse economic schemes which are underpinned by expansionary credit and fiscal policies in order to boost economic growth and enhance income distribution, this policy would, sooner or later, cause serious bottlenecks, the solution of which would not only make the cost of adjustment high, but such cost would have to be shouldered by those living in complete destitution.

The head of state claimed that populist policies are counter- productive because they only result in galloping inflation, shrinking real wages, crisis, and the subsequent collapse of the entire economy.

Wasmosy recalled that it is not long ago that populist policies failed and therefore, their supporters cannot allege they have a poor memory. The president added that nor is it possible to think that those who propound those ideas do so only through ignorance, because those who defend them are renowned political leaders. He said that the only explanation of this position is that it stems from the political and opportunist motives of those who intend to take advantage of the difficulties incident upon any economic adjustment program to recruit new followers.

The president moreover complained about the politicization of both state-run and private trade unions, which he accused of raising objections to the reforms pursued by his administration and of endorsing populist policies instead of limiting themselves to defending trade unions' interests.

To that end, Wasmosy called upon trade unionists as well as businessmen to maintain a position favorable to dialogue so as to reach agreement on wages and allowances as, he explained, only those benefits and wages rooted in an increase in productivity can be lasting.

On numerous occasions, the president insisted on the need to maintain macroeconomic stability at all costs. He recalled that fiscal balance, a stable exchange rate, reined inflation, and plentiful foreign reserves are indispensable for achieving lasting sustainable growth.

The head of state pointed out that in order to maintain this balance it is paramount that the reform of the state should be effected now, adding that the total or partial privatization of government-owned enterprises is central to achieve this goal. Wasmosy made it clear that he does not intend to pursue an indiscriminate or savage privatization program. He asserted that the interest of the nation will always be uppermost in this process and that in those cases in which the partial or total privatization is incompatible with national interests, it will not be carried out. [passage omitted]

In his address, the president commented on the relative fiscal balance achieved so far this year, but failed to mention the multi-million deficit the Finance Ministry estimates for all of 1996. It should be recalled that Finance Minister Carlos Facetti had to cut the budget of several government agencies in order to narrow the gap between unforeseen expenditures and revenues. Facetti trimmed the original budget by over 700 billion guaranies. Despite this cut- back, the finance minister acknowledged that the Treasury still has a deficit amounting to probably more than 400 billion guaranies.

The chief executive also failed to mention the bill to issue government bonds, one of the alternatives he is envisaging to cover the multi-million fiscal deficit. In mid-July, Facetti announced that the drafting of the bill authorizing the Finance Ministry to issue bonds worth approximately $100 million had been practically completed.

Peru

Peru: Fujimori on Possible Exchange of Renegotiated Debt

PY2507013096 Lima EL COMERCIO in Spanish 21 Jul 96 p A4

[FBIS Translated Text] Peru will be able to barter as much as 20 percent of its debt during renegotiations with the Paris Club in exchange for projects of social investment, the preservation of the environment, and thus get part of its obligations condoned.

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Peruvian President Alberto Fujimori said this is a positive consequence of the negotiations with that organization.

Bilateral negotiations with each country will begin as soon as possible, especially with countries like Japan, with which Peru has considerable clout.

Fujimori said this restructuring of our obligations and the fact that Peru is joining the Brady Plan are two macroeconomic successes which in the medium term will positively affect our economy.

The average interest paid on the debt with the Paris Club — between the commercial (granted by state institutions but which operate as if they were private, and thus the payment conditions are based on interest rates and deadlines established by the market) and the concessional (with interest rates and deadlines lower than those on the market) — is between 6.5 and 7 percent.

Fujimori said these rates are not too high, they are similar to those granted by the World Bank or the Inter-American Development Bank.

Fujimori said that another positive consequence for Peru is that credits worth several hundred million dollars which were to be granted by the Japanese Overseas Economic Cooperation Fund (OECF) can now be signed. They had to be withheld until agreement was reached with the Paris Club.

Asked if Economy Minister Jorge Camet will remain in the cabinet, the president said he has not yet talked to him. The president said: "Right now I want to publicly congratulate the negotiating team headed by Minister Camet."

President Fujimori made these remarks during a visit to National School 2004 which is being refurbished at the Leticia del Cerro San Cristobal settlement. He also supervised the works of the Piedra Lisa School 3006.

President Fujimori began his unexpected visit at about 1600.

Peru: Argentine Defense Minister's Resignation Viewed

PY2407215096 Lima LA REPUBLICA in Spanish 18 Jul 96 p 18

[Editorial: "Camilion's Resignation"]

[FBIS Translated Text] A year and a half after the triangular operation that unloaded in Guayaquil — during the Upper Cenepa conflict — 75 tons of Argentine weapons supposedly bound for Venezuela, and 15 months after the publication of that deal, Argentine Defense Minister Oscar Camilion — who is politically responsible for this matter — has been forced to resign.

The position of President Carlos Menem's defense minister has for a long time been unsustainable, and only renewed presidential support — which became less enthusiastic every day — has kept him in his post until now. But 2 months ago the siege on Dr. Camilion, which sought to force him to admit his political responsibility, started to tighten.

Revelations by the unfaltering Buenos Aires CLARIN Investigative Unit proved it was practically impossible to carry out a weapons shipment of that size without the approval of the defense minister and the interministerial commission for export.

On top of this came the findings of the bloodhounds of CLARIN who demonstrated the presence of an Ecuadoran Government representative who supervised the shipment, and a warning by a Peruvian military attache to the minister on an operation of that nature — a warning which came before the first flight and which was repeated between the second and the third flights, and yet the minister did nothing to prevent them.

On the other hand, Economy Minister Domingo Cavallo has publicly admitted the existence of an important structure deeply "rooted in the area of defense companies that favor crimes like tax evasion, money laundering, and weapons trafficking." This agrees with the revelation by Colonel Diego Palleros (retired), owner of the intermediary company Hayton Trade and today a refugee in Singapore, in which he admits paying about $400,000 in bribes to achieve this operation.

Oscar Camilion faced eight impeachment requests submitted by different sectors of the opposition and of the ruling party, and he has already been questioned twice by the Argentine Congress. But the request by Federal Judge Jorge Urso, who is hearing the case, was the straw that broke the camel's back — which was already quite burdened.

This judge asked Congress to strip Camilion of his immunity — under Argentine law a cabinet member cannot be submitted to trial — in order to determine if he was politically responsible. The Argentine press supposes the resigning minister may have obtained from the government some guarantees to emerge unhurt.

We must see now how he responds to accusations of concealment, failure to fulfill his duties, and "crimes that jeopardize the nation's peace and dignity" by Judge Urso, because it seems that by resigning he avoided the risk of being questioned in Congress.

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Camilion's resignation is satisfactory for Peru — which for a long time has expected an explanation and an indication by Argentina of the guilty parties — and shows politically responsibility in this tenebrous matter. But as we already reported on this same page (LA REPUBLICA 24 May 1996), we should prevent him from becoming a smoke screen or a scapegoat to conceal the names of those who are truly responsible.

It is obvious Dr. Camilion knows them, but his resignation does not mean that is willing to unveil them. In any case, his resignation serves to provide a second prosecuted name to that of Colonel Luis Sarlenga, who is responsible for the Argentine General Directorate of Military Industries, the only one arrested so far.

Both know more than what they have said, but it is something very different to get them to admit it. Thus, Peruvian pressure must continue, because we recall Carlos Menem's promise to fully clarify the matter and locate those responsible "regardless of the cost."

This has not happened yet, but Minister Camilion's resignation is a step forward, a step that could lead to the missing pieces of the puzzle and contribute to restore the somewhat damaged Peruvian-Argentine friendship, which will never return to levels of the past unless this shady deal is fully clarified.

Peru: Congressman Warns Of Fujimori's Reelection Tactics

PY2407171596 Lima LA REPUBLICA in Spanish 19 Jul 96 p 4

[FBIS Translated Text] Congressman Henry Pease Garcia from the UPP [Union for Peru Movement] stated on 18 July that the restructuring of some blocs in Congress and the defections of some congressmen from their parties to throw in their lot with the ruling coalition, forswearing their principles, is the result of a move hatched by President Alberto Fujimori in his bid for a third term.

The UPP congressman warned Peruvians that the head of state is intent on increasing the number of seats the ruling coalition has in Congress so as to enable him to amend the Constitution to entitle him to be reelected indefinitely.

Pease recalled that in the recent election held to choose the members of the Constitutional Court, Augusto Antonioli, the candidate fielded by the ruling coalition, polled 78 of the 80 votes that were needed to be elected.

Pease pointed out: "Undoubtedly, Congressmen Vargas Marin, Pulgar Lucas, and Noriega Febres — who have defected their parties to join the ruling party — voted for Antonioli."

The UPP lawmaker alerted the public to these events, which he deemed "serious" because if the president manages to muster 80 votes in Congress — by adding those of his so far unconditional 71 supporters to three of the Renewal Movement, and some cast by independent congressmen — he will surely amend the Constitution and curtail citizens' rights even further.

Pease went on to say: "In other words, power will be increasingly concentrated in one person. This only occurred under Augusto B. Leguia — a tyrannical regime which lasted for 11 years in the 1920's, and which has a marked resemblance to the incumbent administration."

"Only then did we see some turncoats — opportunists who thought that Leguia would stay in power for a long time and therefore, thought it advisable to join Leguia's bandwagon," he added.

The UPP congressman declared that now that the public has been alerted to what is going to happen, it is time Peruvians joined forces to "prevent the prevalent dictatorship from becoming a tyranny."

Change 90-New Majority won 67 seats in Congress [at the elections], but following the incorporation of Congressman Rigoberto Esquerra from the UPP some months ago and those of Pulgar, Vargas, and Noriega this week, the ruling coalition now has 71 seats.

Venezuela

Venezuela: Minister Reacts To Human Rights Charges

PA2507002196 Caracas EL NACIONAL in Spanish 21 Jul 96 p D1

[Report by Patricia Spadaro G.]

[FBIS Translated Text] Asdrubal Aguiar, Secretariat of the Presidency minister, yesterday defended the government in view of the charges by Amnesty International Secretary Pierre Sane that human rights violations in Venezuela increased in the past two years.

Aguiar, who met the top Amnesty International official at Miraflores Palace on 18 July, criticized the methodology the humanitarian organization has employed. "They put their report under their arm, declared it concluded, and were merely trying to visit the president to throw it at him and say it is finished," the minister said, referring to the controversy that has arisen from President Rafael Caldera's refusal to receive the Amnesty International officials.

"The government attached the Amnesty International visit so much importance that the Secretariat of the

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Presidency minister met with them. I talked with them for more than one hour at the same time THE ECONOMIST magazine representatives were attending a meeting held here at Miraflores."

— If they had arrived at 1600, would the president have received them?

— There is another important thing with regard to that; that is, that when one seeks to have a talk with the government, as the United Nations or the OAS do, their representatives meet with the government before drafting a report, discuss their opinions, and assess what has or has not been done, something which did not happen on this occasion.

— Do you feel, then, that the report is biased?

— Yes. We are concerned that the methodology to prepare the report is absolutely partial and biased. The methodology employed reveals an inconsistency, because in making a human rights evaluation of a country—and this is a standard, international practice—the economic and social situation of the country and not just the precise violations are taken into consideration. Nowhere does the report state what these two years have meant to guarantee and strengthen the situation of democratic stability, without which there is no human rights.

I could say that during these two years, although we have had human rights violations, because this happens here and in Switzerland, the president has made a courageous effort to uphold and strengthen democratic stability and freedom. They are making a series of recommendations to Venezuela that were not prepared in London, based on a constant evaluation of the situation of the institutions but, rather, stemming from very exact informants from NGO's [nongovernment organizations] that have been militantly active in Venezuela—and they have not hidden it—even in political terms. Therefore, the report in some way reveals the slant of an action that seeks solely to accuse the Caldera government.

The Secretariat of the Presidency minister cites certain examples. "They are charging that the Caldera government has not repealed the Law on Vagrants and Hoodlums, but they fail to mention that Venezuela has a democracy with a separation of powers. The first thing the Caldera government did was to approve during a Council of Ministers session a citizens' security bill to replace the Law on Vagrants and Hoodlums and submitted it to Congress in 1995. There should have been a mention of that in the report, but there is none."

Another important fact, Aguinar said, is that they are asking for the adoption of a code of conduct for all individuals empowered to make detentions and arrests, adjusting it to the code of conduct for officials in charge of enforcing the law approved by the United Nations. It so happens that they forget that President Ramon Velasquez incorporated through a decree the UN Code of Conduct into Venezuela's internal law after it was included in the new general regulations for the Metropolitan Police. For instance, they do not say that the purges that have been conducted in police corps in these two years are without statistical precedence in Venezuela's democracy.

"When they talk of extrajudicial executions, they explain the social panorama existing in many of our low-income sectors where people are the victims of gang warfare. Sixty-five deaths were registered every weekend when this government began, whereas the current average ranges between 12 and 21, which, albeit still high, represents a trend that cannot be hidden in a report."

According to the official, there is another fact worth paying attention to. "They make a very odd generalization about the situation along the Venezuelan border, which has been suffering the aggression by narcoguerrillas and drug traffickers. For Amnesty International, Venezuela went overnight from the victim of an aggression to aggressors. We have not given Venezuelan authorities a free hand either, and, in fact, this government has acknowledged the state's international responsibility for the Amparo incidents."

— The report stated that human rights violations have increased since the Theater of Operations was set up.

— The problem is that they want to measure with the same gauge the human rights situation in a Swiss canton, where nothing is happening, and the exceptional situation taking place along the border. I do not know whether Amnesty International recalls that international treaties on human rights take into account the concept of the suspension of guarantees and the emergency situation that make it possible to enforce a state of emergency under an exceptional situation. When Venezuela suspended the constitutional guarantees, it informed the United Nations and the OAS to take the corresponding monitoring measures. That is why it draws one's attention that whenever there is a reference to this matter, Amnesty International just states in very general terms that as a result of the actions being conducted in rural areas, human rights activists engaging in peaceful protest actions are detained. I ask: When the Armed Forces operate in a specific manner to evict a group of peasants who are harvesting drug precursors along the border, all their crops are burned, and they are returned to their place of origin. Can that be described as a human rights violation? Are criminals and drug traffickers the only ones with rights?

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— If one makes a prediction, would it be naive to think the problem of drug trafficking and narco-guerrillas will be solved in the short term? Can one infer that constitutional guarantees will remain suspended along the border as long as those problems persist?

— It is indispensable to maintain the suspension until a balance and security along the border are achieved.

— Are you saying, then, that the number of human rights violations has not gone up in the past two years?

— I cannot talk in quantitative but in qualitative terms. The country that experienced the events of 27 February—two attempts to the disrupt constitutional system—a country whose entire financial system collapsed, a country where the levels of welfare are falling rapidly was a country that had to leave the current situation as its legacy.

Venezuela: Poll Participants Rate Caldera Performance

PA2407233996 Caracas EL UNIVERSAL in Spanish 15 Jul 96 p 1-12

[Report by Carlos Subero]

[FBIS Translated Text] Caracas — According to the Demoskopio Venezuela report, based on a poll by the Cosar Group, economic and political decisionmaking are taking place in an atmosphere of governability despite the fact that President Rafael Caldera's work is perceived in a more negative than positive light.

The study was conducted in the Caracas metropolitan area with a random sampling of 400 people for the interviews held in June.

The investigation shows that the people are allowing the government a wide room to operate near the middle of his term and after he adopted in April a demanding package of economic reforms. The poll indicates that 55 percent of the people feel worse off now than two years ago. Only 8 percent feel it has improved, but a pessimistic outlook for the next two years is only shared by 42 percent of those polled.

Only 13 percent of those polled feel that the president is doing a good job as opposed to 36 percent who believe he is doing badly and 49 percent who feel he is doing a regular job. His main support is found among Copei [Social Christian Party] and National Convergence followers. Those who support him the least are found among MBR-200 [200 Revolutionary Bolivarian Movement] and Democratic Action members.

Nevertheless, the people of Caracas gave good marks to the following Caldera attributes: Seventy-six percent admit he has maintained democracy; 61 percent said he has unified the Armed Forces; 58 percent believe he has placed the banks in order and saved people's savings; 51 percent stated that there is confidence for investors, and 47 percent say he is honest, efficient, informed, and has experience.

Expectation in the Face of New Economic Measures

The report reflects an evaluation of the economic measures the government has adopted. It finds that there is much support for the increase in social programs (80 percent) and less so for subsidized public transportation (59 percent). Only a minority (36 percent) supports the free dollar exchange, the new price of gasoline (34 percent), increased taxes (27 percent), and the liberation of prices (20 percent).

In general, only 19 percent of those polled said the measures the government has adopted are good, 36 percent say regular, and 41 percent believe they are bad.

As for future measures, expectation by the people of Caracas are better: Seventy-nine percent approve of the opening to foreign investments; 59 percent approve of privatizations; 59 percent approve of reforms of social benefit programs; 48 percent approve of free importation, and 41 percent approve of a reduction in the number of public workers.

Caldera, a Character With Support

The report states that "the perception (64 percent) that the Armed Forces are supporting the administration more is confirmed, and this, in turn, stresses people's confidence on how distant is the possibility of a military coup overthrowing the government."

The higher levels of support people believe the government has are found in the church (50 percent), businessmen (42 percent), and political parties (41 percent). The lower levels are reportedly found in Congress (34 percent) and unions (30 percent).

As for Caracas residents' belief in the support to the president's work, the National Convergence and MAS [Movement Toward Socialism] parties are perceived to be the parties that support the government a great deal: 68 and 38 percent, respectively, followed by Copei and the Democratic Action [AD] with 13 and 15 percent, respectively.

Solutions to the Crisis

The survey asked questions on the alternatives this economic crisis has and concluded the following: "Alternatives are at no time considered to oppose the democratic system:" 64 percent of those surveyed chose democracy, and only 21 percent chose a military government.

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To the question, what do you think will happen if the situation fails to improve?, 53 percent of people will wait for the next elections, while 35 percent believe there will be protests and demonstrations.

Who Will Win in 1998?

As for the 1998 elections, Caracas residents were split on what they believe will happen and what will actually happen: 32 percent believe the AD candidate will win the Presidency in 1998, and 10 percent believe another "candidate without partisan support" will win. In addition, 7 percent believe the Copei candidate will win, another 7 percent believe the Radical Cause Party candidate will win, while 4 percent think the candidate for National Convergence will win, and another 4 percent believe the MBR-200 candidate will win. Finally, 3 percent believe the MAS candidate will win.

In any case, when people were asked who they would like to win the next elections, 33 percent chose a "candidate without partisan support;" 19 percent, the AD candidate; 10 percent, the Copei candidate; 7 percent, the Radical Cause Party candidate; 6 percent, the National Convergence candidate; 5 percent, the MAS candidate; and 4 percent, the MBR-200 candidate. Seventeen percent failed to respond.

As for partisan affiliation, the Caracas survey showed that 54 percent of people are independent and 46 percent are active members or sympathizers of a party. Of this latter group, 19 percent support the AD; 9 percent, Copei; 6 percent, the Radical Cause Party; 6 percent, the National Convergence; 5 percent, the MBR-200; and 2 percent, the MAS.

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